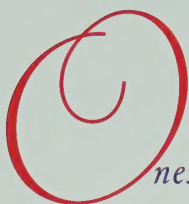


ONEX



Contents

CORPORATE PROFILE	SKY CHEFS	FINANCIAL REVIEW
1	16	29
CORPORATE OVERVIEW	PUROLATOR COURIER	MANAGEMENT REPORT
2	18	AUDITORS' REPORT
		38
MANAGEMENT PRINCIPLES	PROSOURCE	FINANCIAL STATEMENTS
5	DISTRIBUTION SERVICES	39
	20	
TO OUR SHAREHOLDERS	HIDDEN CREEK INDUSTRIES	DIRECTORS AND OFFICERS
6	<i>Automotive Industries</i>	53
	<i>Dura Mechanical Components</i>	
FAIR VALUE	22	SHAREHOLDER INFORMATION
12		54
	THE DIGGS GROUP	
	<i>The Delfield Company</i>	
	<i>Whitlenge Drink Equipment</i>	
	24	
	TMB INDUSTRIES	
	<i>Dayton Superior</i>	
	<i>Johnstown America</i>	
	<i>Johnstown Wire Technologies</i>	
	26	



Onex Corporation is a diversified company that operates through autonomous subsidiaries and strategic partnerships. Management's long-term objective is to maximize the value of the Company for shareholders by:

- *Acquiring high-quality companies at reasonable prices;*
- *Creating value through the entrepreneurial management of these companies;*
- *Redeploying assets at opportune times.*

At the end of 1992, the Onex companies had annual operating revenues of \$2.8 billion, assets of \$1.6 billion and 24,000 employees.

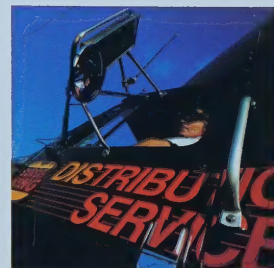


Onex Corporation operates through autonomous subsidiaries and strategic partnerships. Each Onex company holds a leadership position in its industry.

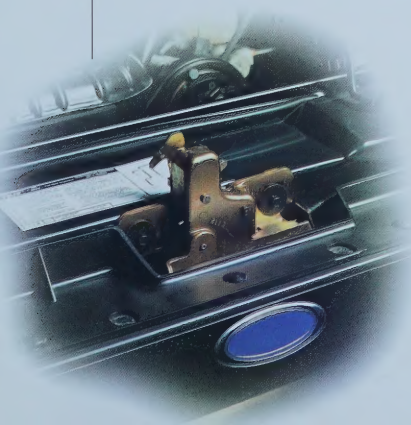
Sky Chefs is the second-largest in-flight caterer in the United States, operating 36 kitchens in the continental United States and Hawaii.

Purolator Courier is Canada's leading courier service, with a 43% market share. It offers service to 10,000 points in Canada, 30,000 in the United States and 165 countries worldwide.

ProSource Distribution Services is a major distributor to the foodservice industry, including 4,200 Burger King franchised and company-owned restaurants in the United States.



Hidden Creek Industries is a partnership formed with an Onex subsidiary to acquire and develop companies which supply automotive components to original equipment manufacturers. Hidden Creek manages Onex' interests in Automotive Industries and Dura Mechanical Components.



The Diggs Group is a partnership similarly formed to purchase and develop mid-sized manufacturing companies in the foodservice equipment industry. It manages Onex' interests in The Delfield Company and Whitlunge Drink Equipment.



TMB Industries is a partnership similarly formed to acquire and develop mid-sized industrial manufacturing companies. TMB manages Onex' interests in Dayton Superior, Johnstown America and Johnstown Wire Technologies.

3



As a shareholder, you should be aware of the major principles that guide the Company's management in both its daily decisions and long-term strategy.

- Managers should be owners. We have a significant portion of our personal net worth committed to the Company.
- The management of each Onex subsidiary must have a meaningful personal financial interest in their company. In this way they can earn the rewards of entrepreneurship and share the risks of ownership.
- As managers, one of our responsibilities is to identify and reduce business risk. As shareholders, we want an appropriate return for the risk we accept.
- Diversification by industry is a deliberate strategy at Onex, and one that we believe will smooth the effect of business cycles over the long term.
- We recognize that Onex owns operating businesses, not just share certificates. Our responsibility is to assist and encourage our companies in the entrepreneurial building of their businesses.
- We base our acquisition decisions on the assumption that if a company is good enough to buy, it is good enough to be vigorously developed for the long term.
- We may redeploy assets or realize values at opportune times in order to maximize returns for our shareholders.
- Purchases have been limited to "friendly" acquisitions in order to create a partnership atmosphere with the operating team.
- Businesses are shaped in the image of the person at the top. Successful businesses are built by successful leaders. The most important decision we make for a subsidiary is the choice of its chief executive.
- The effectiveness of a management team is often in inverse proportion to its size.
- The policies and procedures of Onex and its subsidiaries recognize the need for responsible environmental management.
- It is our responsibility to provide forthright reporting to shareholders. We will communicate fully and promptly about problems and opportunities facing the Company or its subsidiaries.

Automotive Industries' public issue of shares resulted in a value approaching four times our original investment in under three years. Delfield paid a dividend, the Onex portion of which was about three times the amount invested in the company less than 24 months ago.



Onex and its subsidiaries achieved strong operating performance during 1992.

6

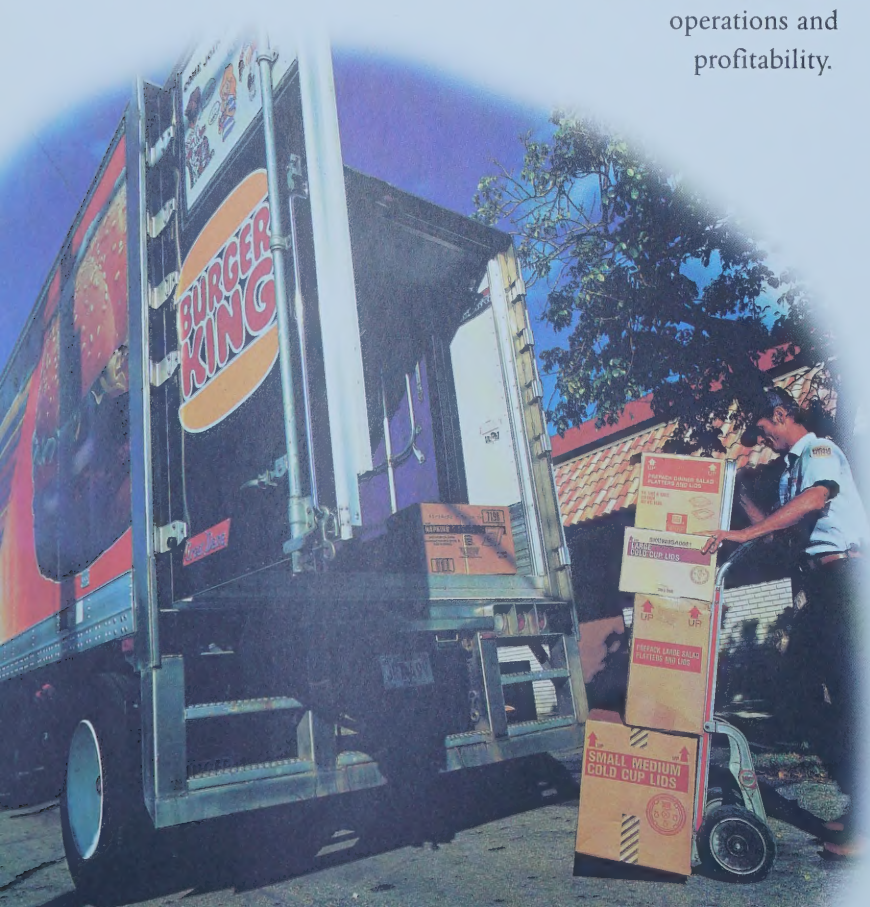
Each of Onex' operating companies made gains that will help achieve our long-term objective of maximizing the value of the Company.

Sky Chefs signed a new, 10-year contract with American Airlines that should generate \$6 billion in revenues. Sky Chefs has made excellent progress on a major program of work re-design and cost reduction to offset the impact of price concessions given in exchange for the long-term contract with American. These initiatives will enable Sky Chefs to react positively to the changes taking place in the airline industry, particularly with respect to American Airlines' focus on improving its operations and profitability.

Onex completed a major acquisition: ProSource, Inc. This company, which distributes all products used in approximately 4,200 Burger King restaurants in the United States, is off to a good start in its first six months under Onex' ownership. It should make an important contribution to the overall value of Onex in the years ahead.

The financial losses of Purolator Courier and Dayton Superior pulled down the consolidated earnings of the Company. Purolator's performance can be traced directly to the deep recession affecting its manufacturing and retail customers. Dayton Superior continues to have record years in the infrastructure building and chemicals segments of its business, but its core lines still suffer from the depressed state of commercial construction markets.

Purolator and Dayton Superior are doing the right things in tough markets. Both have leaner cost structures, industry-leading, national distribution networks

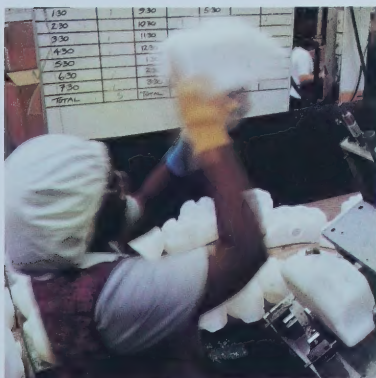


and excellent service quality, all of which will provide tremendous operating leverage when business conditions improve. The financial results should be pleasing at that time.

FINANCIAL HIGHLIGHTS

The financial results for 1992 showed significant improvement over 1991.

- The fair value of Onex increased 61%, or \$180 million, to \$475 million, or \$16.74 a share. This compared to \$13.39 per share at the end of 1991.
- Revenues for the year increased nearly 70% to \$2.8 billion, due in large part to the acquisitions completed during 1992.
- Net earnings from continuing operations were \$11.7 million, an increase of 24% over 1991.
- Cash flow from operations was strong at \$94.7 million, up 30% from \$72.6 million last year.
- Automotive Industries completed an Initial Public Offering of shares in the United States at US \$14 per share. The Offering valued Onex' investment at \$85 million compared to our cost of \$23 million.



- Seven companies exceeded their business plans for 1992; two were below expectations.
- Delfield paid a dividend of US \$18.5 million to its shareholders. Onex' share of that dividend was \$12.3 million compared to our investment of \$4.3 million in the company in 1991.

OPERATING HIGHLIGHTS

- Burger King Distribution Services was acquired from Burger King Corporation for \$141 million. Onex invested \$22 million of the \$27 million in equity for an initial 82% ownership interest. The company now operates as ProSource Distribution Services.
- Under a new, 10-year contract, Sky Chefs retained virtually all of its business with American Airlines, albeit in return for price concessions. Sky Chefs is now actively reducing costs in order to return to its former profit margins.
- Purolator gained market share by winning over a number of large customers who recognized the company's new superior service performance. Even so, an industry-wide decline in shipments, as well as competitive markets, reduced earnings significantly.
- Automotive Industries added to its plant capacity and customer base by acquiring Plasta Fiber Industries and Cellasto Plastics, Inc.

- The Diggs Group purchased Whitleng Drink Equipment Limited, the premier manufacturer of beer-cooling and soft-drink dispensing equipment in the United Kingdom. Onex invested \$1.8 million in the \$15.5 million purchase of Whitleng for an 86% equity interest.



- Late in the year TMB Industries acquired Bethlehem Steel Corporation's wire mill in Johnstown, Pennsylvania. Onex invested \$2.2 million for an initial 58% equity interest in the company, which was renamed Johnstown Wire Technologies, Inc.

ONEX' BUSINESS

The long-term objective of Onex Corporation is to maximize the value of the Company for its shareholders. As our Corporate Profile states, management's strategy for accomplishing this goal is to acquire high-quality companies at reasonable prices, create value through entrepreneurial management of them, and redeploy assets at opportune times. Each of these steps in value creation is underpinned by

our Management Principles, detailed on page 5 of this Report, that guide us in our daily decisions and long-term strategy.

Now that Onex has completed 20 significant transactions, it is useful to review the performance the Company has had in putting its strategy into action.

"ACQUIRING HIGH-QUALITY COMPANIES AT REASONABLE PRICES"

One of our responsibilities as managers is to identify and reduce business risk for Onex. Knowing when to say "no" to a potential acquisition is as important as buying the right company. It was for this reason that we stepped away from the speculative LBO market of 1988 and 1989 and conserved our cash.

Onex has made a series of attractive, prudently-financed acquisitions at prices that represented excellent value. But price



is only one factor in the equation. We have also purchased companies that are well-managed and typically rank number



one or two in their industry, niche or region. Each company we own today meets these criteria.

"CREATING VALUE THROUGH ENTREPRENEURIAL MANAGEMENT"

The creation of sustainable value does not happen overnight.

As we have said consistently, we base our acquisition decisions on the assumption that if a company is good enough to buy, it is good enough to be vigorously developed for the long term. We do this by working closely with our partners and the companies Onex acquires by adding our expertise in areas such as finance, strategic planning, or business acquisitions to management's base of industry-specific operating experience. This method lets the management of our subsidiaries do what they know best, in relative autonomy, against jointly-established objectives. They are expected to be entrepreneurial, yet prudent, risk takers.

This operating philosophy gives Onex' subsidiaries the leeway to develop sustainable competitive advantages. This may mean outperforming competitors on measures of cost, technology, service and quality. Leeway may also mean financial support. Such was the rationale for Onex' additional \$10 million investment in Purolator during 1991 for the installation of its computerized "track and trace" system — a system now helping the company deliver record levels of customer service.

A similar approach to competitive advantage prompted Automotive Industries' acquisition of Plasta Fiber and Cellasto Plastics during 1992. These purchases enabled Automotive Industries to become more focused in the sun-visor business, to free up manufacturing space for other product lines, and to gain important new customers, all at a very low cost.

The objective of these strategic thrusts was to enhance the value offered to customers through better service and lower prices. In turn, such initiatives will create more value for shareholders by strengthening our subsidiaries' franchise with their customers, which is the lifeblood of their businesses.

This thinking is not lost on the senior managers of the companies Onex owns. As shareholders, each senior manager has a mean-

ingful personal financial interest in his or her company. They, like Onex shareholders, participate directly in the risks and rewards of their decisions, so the relationship between the attainment of competitive advantage and the creation of value for shareholders has a tangible meaning for them over the long term.



“REDEPLOYING ASSETS AT OPPORTUNE TIMES”

It is part of Onex’ overall strategy to redeploy assets in ways that will be in the best interests of shareholders. The development and eventual sale of Beatrice Foods is an example of the value creation process in practice.

Onex worked closely with management to help Beatrice become Canada’s largest processor of fluid milk — and one of the most cost-competitive. It achieved this through two strategic acquisitions and a difficult but highly effective rationalization of plants. Onex added equity to its original investment to assist the company with its acquisitions and rationalization program.

When Beatrice was sold in November 1991, the cash received was 300% of our investment. Onex shareholders participated directly in this value realization in the form of a special dividend of \$3.50 per share. Similarly, shareholders shared directly in the returns from the sale of Onex Packaging in 1988 by way of a special dividend of \$1.50 per share.

Sometimes investments don’t work out as expected. The sale of Norex Leasing in 1990 took Onex out of a business that was particularly hard hit by the recession, which at the time was gathering momentum. The sale resulted in a very modest “cash-in to cash-out” profit, and so was a good example of Onex’ willingness to act to conserve value when circumstances go against us. More importantly, the sale of Norex generated cash that subsequently enabled

Onex to acquire companies with better long-term prospects, such as Delfield, Dura Mechanical and ProSource.

Value can be realized in a number of different ways. One alternative is taking a subsidiary public. We did so this past year with the Initial Public Offering of shares by Automotive Industries. In less than three years Onex’ investment grew to a market value of \$85 million — almost four times our original \$23.1 million equity stake. The issue enabled Automotive Industries to strengthen its financial position while creating excellent returns for shareholders. Onex also retained voting control of a company that we believe has exceptional prospects.



Another alternative is to “re-leverage” a company, as was done with Delfield. The \$12.3 million dividend to Onex returned close to three times the original investment and allowed shareholders to continue to own the company.

Just as Automotive Industries or Delfield manufacture high-quality products for customers, Onex produces value for shareholders. It is our primary business. It is our intention to continue to maximize the value of Onex for our shareholders — or, put another way, to produce the best possible “product” for our “customers.” The evidence shows our “product quality” remains high and that shareholders have participated in the rewards of value creation.



OUTLOOK

There is finally some hope emerging for a sustainable recovery in the United States,



but we continue to believe there is little to cheer about in Canada. Systemic federal and provincial deficits, massive industrial restructuring and confiscatory taxation are still making the country a difficult place in which to conduct business, even if a company does the right things. Onex’ experience with Purolator speaks for itself.

The prospects for the other Onex companies, which operate primarily in the United States, are very good. As noted, they have lean cost structures, enviable market positions, and a clear commitment to service and quality excellence. The work they have done to achieve these positions will be well-rewarded with the improvement we foresee in the broad economy.

Specific comments on the outlook for each operating company can be found in the relevant operations reviews

beginning on page 16 and in the section of this report entitled Management’s Discussion and Analysis of Operations and Financial Condition.

We expect that Onex’ acquisition partnerships will continue to be active in seeking add-on acquisitions in the coming year. However, we do not anticipate that the parent company will undertake another major purchase in the immediate future, though we continue to seek out suitable opportunities.

Gerald W. Schwartz
*President and
Chief Executive Officer*

March 4, 1993



*We present
shareholders with information on the fair value of
Onex' net assets as it is our
view that the fair value
represents an important
measure of the Company's
underlying value.*

OBJECTIVE OF FAIR VALUE REPORTING

The value of Onex is reflected by the sum of its parts, namely our subsidiaries and other assets. These are detailed in the table and charts on page 14.

The true value of our subsidiaries can be viewed as the amount a third party would pay for that business in an open-market transaction. It is our objective to quantify and present these market-determined values through fair value reporting. Consolidated financial reporting, which is premised on historical cost principles, does not normally reflect the market-determined values of our investments in operating companies.

ACCURACY OF FAIR VALUE REPORTING

We also believe that the fair value calculations should have a somewhat conservative bias. Our fair value reporting can be judged against the realizations on investments that Onex has achieved to date. The table on the opposite page details, for each investment that Onex has sold, taken public or otherwise realized on the original investment, the fair value determined at the year end prior to the realization and the value realized. The table indicates that our total realizations exceeded our fair values significantly.

INDEPENDENT VERIFICATION OF THE FAIR VALUE RESULTS

Onex' fair value results are subject to the same form of independent scrutiny that its Audited Consolidated Financial Statements receive. An audit of the annual valuation prepared by Onex management is conducted by Coopers & Lybrand's Business Valuations Group. Based on this audit, Coopers & Lybrand give their opinion to the Audit Committee of the Board, and to the Directors of Onex, that the valuations are fair and reasonable. The valuations are then reviewed by the Audit Committee and thereafter are presented to the Board of Directors. The valuation must be approved by at least 75% of the Board. Only after these steps of independent verification are completed are the values included in the Notes to the Audited Consolidated Financial Statements.

DETERMINATION OF FAIR VALUE

The fair value is determined annually as at December 31, in accordance with the Articles of Incorporation of Onex. To determine the value of Onex' investment in each of our operating companies, we typically take into consideration the following factors:

- the financial strength, cash flow, sustainable earnings, and business characteristics of the company;
- the dynamics and prospects of the particular industry in which the company operates;
- the company's relative position in its industry, including market share;
- short-term budgets and long-term strategic plans;
- the values associated with publicly traded competitors having similar characteristics;
- purchase and sale transactions of comparable companies;
- the premium, if any, paid for control positions in the same industry;
- economic conditions; and,
- the assessments of independent investment bankers and other third parties.

FAIR VALUE AS AT DECEMBER 31, 1992

Fair value at December 31, 1992 was \$475 million, or \$16.74 per share. This was an increase of \$180 million, or \$3.35 per share, from the end of 1991.

The following were the major factors that resulted in the increase in fair value:

- The operating results in 1992 for Sky Chefs were significantly above the company's plan for the year.

As indicated last year, the value of Sky Chefs was lowered in 1991; this was attributable to uncertainty about the short-term impact of price concessions provided under its new catering contract with American Airlines. During 1992, however, Sky Chefs was able to lower its costs and achieve greater profits than were contemplated in the prior-year valuation.

- An Initial Public Offering of Automotive Industries was completed in May 1992 at a value substantially in excess of that included in Onex' 1991 fair value for the company. The use of the offering proceeds to reduce debt, and the continued promising outlook for Automotive Industries, both contributed to

a significant increase in that company's value.

- The improved operating results at Dura Mechanical resulted in a moderate increase in the value of that company.
- Delfield had an exceptional year in 1992, and the prospects for the company remain very good. At the end of 1991 Delfield had been valued at its cost. Delfield's strong performance in 1992 resulted in a significant increase in the fair valuation of that company.
- The 1992 operating results for Whitlodge exceeded their plan and resulted in a moderate increase in value for that company.

- The increase in the value of the U.S. dollar relative to the Canadian dollar during 1992 increased reported fair value, as the major share of Onex' investments is in U.S. operating companies.

- The investments made in 1992 in ProSource and Johnstown Wire Technologies have been valued at their cost.

The additional shares issued under the Dividend Investment Rights Offering, net of shares repurchased during the year, provided \$34.7 million. Since the shares were issued at \$5.90 each, this had the impact of lowering fair value per share .

13

HISTORY OF REALIZATION ON INVESTMENTS

The measurement of Fair Value is a combination of science and art. The credibility of these valuations will become apparent over time through a comparison of realizations to valuations. The following comparison of results to date indicates that Onex' valuations have, in total, been conservative.

	Investment		Fair value at year-end prior to realization (\$millions)	Realization		Return (IRR)
	\$millions	Year		\$millions	Form and year	
ONEX PACKAGING/ BALL PACKAGING	13.8	1984		49.2	Cash 1988	
	11.8	1986/8		40.0	Stock	
	<u>25.6</u>		44.6	<u>89.2</u>		37%
NOREX LEASING	32.0	1987		46.5	Cash 1990	
	15.7	1988		3.4	Note	
	<u>47.7</u>		57.5	<u>49.9</u>		1%
BEATRICE FOODS	21.9	1987				
	7.3	1990				
	<u>29.2</u>		92.2	98.5	Cash 1991	43%
AUTOMOTIVE INDUSTRIES	23.1	1990	41.5	85.0 ⁽¹⁾	Public offering value May 1992	80%
DELFIELD COMPANY	4.3	1991	4.3	12.3 ⁽²⁾	Onex share of dividend 1992	79%
TOTAL	<u>129.9</u>		<u>240.1</u>	<u>334.9</u>		

(1) Market value of shares in Automotive Industries was \$113.5 million at December 31, 1992.

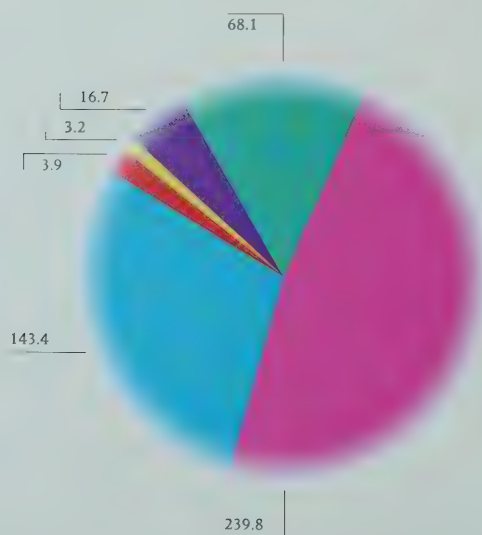
(2) Represents only the cash received by Onex. Onex continues to own 48% of Delfield and that value is not included in the realization amount.

NET ASSETS AT FAIR VALUE

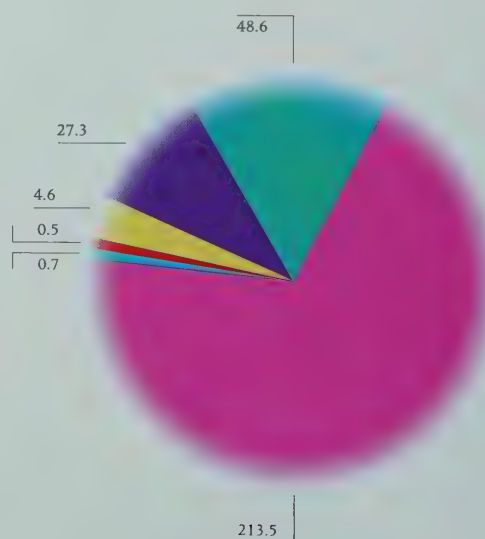
The table and charts below show the major components of Onex' net assets at fair value and on a per-share basis at December 31, 1992 and December 31, 1991.

As at December 31	1992		1991	
	\$millions	\$per share	\$millions	\$per share
● Cash and short-term investments	68.1	2.40	48.6	2.21
Equity investments in operating companies at cost:				
Sky Chefs	58.4	2.07	57.3	2.60
Purolator Courier	81.0	2.85	81.0	3.67
ProSource Distribution Services	22.0	0.77	-	-
Automotive Industries	22.8	0.80	23.1	1.05
Dura Mechanical	2.8	0.10	3.3	0.15
Delfield Company	4.3	0.15	4.3	0.20
Whitlence Drink Equipment	1.8	0.06	-	-
Dayton Superior	10.0	0.35	10.0	0.45
Johnstown America	8.9	0.31	8.9	0.40
Johnstown Wire Technologies	2.2	0.08	-	-
Total investments in operating companies at cost	214.2	7.54	187.9	8.52
Preferred shares of Ball Packaging Holdings	25.6	0.90	25.6	1.16
● TOTAL INVESTMENTS AT COST	239.8	8.44	213.5	9.68
● UNREALIZED GAIN, NET OF RELATED TAXES	143.4	5.05	0.7	0.04
EQUITY INVESTMENTS AT FAIR VALUE	383.2	13.49	214.2	9.72
● Investment in subordinated debt of operating companies at principal amount	3.9	0.14	0.5	0.02
● Notes and accounts receivable	3.2	0.11	4.6	0.21
● Other assets (net)	16.7	0.60	27.3	1.23
NET ASSETS AT FAIR VALUE	475.1	16.74	295.2	13.39

FAIR VALUE 1992
(\$millions)



FAIR VALUE 1991
(\$millions)



ONEX

*Operating
Companies*



its business with Sky Chefs over a five-year period beginning in 1992.

Increased activity by American Airlines helped to offset some of the effect of the price reductions. Revenues were US \$467 million, equal to last year. Although operating earnings exceeded planned levels for the year, they fell to US \$18.7 million from US \$26.2 million as a result of the initial pricing reductions to American. Net earnings from continuing operations totalled US \$5.7 million compared to US \$6.8 million in the prior year.

Sky Chefs' aggressive, three-year business plan calls for major expense reductions. The company achieved meaningful improvements during 1992 in most of its key operating indicators, including delay ratios, employee turnover, kitchen productivity and accident levels. In addition, Sky Chefs achieved important reductions in two major expenses —

workers' compensation and group insurance — with no sacrifice in the quality of employee coverage.

GOOD BUSINESS GROWTH

Sky Chefs continued to improve its capability to serve its customers more efficiently. The company installed ahead of schedule the latest genera-



tion of overhead conveyor system in its large Chicago kitchen, improving the

kitchen's productivity. It also opened an additional flight kitchen at New York's John F. Kennedy Airport.

Sky Chefs won sizable new contracts with Mexicana Airlines in Los Angeles, Miami and Denver. New business was added as well with Aviation Atlantic and Sky Bus in Fort Lauderdale, Kiwi International in Newark and Delta Business Express

Sky Chefs, the second-largest in-flight caterer in the United States, produced over 66 million meals in 1992 for more than 35 domestic and international airlines.

Early in 1992 Sky Chefs signed a new, 10-year contract with American Airlines in return for price concessions. Sky Chefs retained 96% of its business with American Airlines, which had the option to tender all of



SKY CHEFS

in Boston. Sky Chefs also successfully negotiated a long-term agreement to retain business with USAir in 11 cities.

CHALLENGES OF GLOBALIZATION

The past few years have been the most challenging in the history of the airline industry. The lengthy recession has forced companies of all sizes to reduce travel budgets even as they have thinned the ranks of middle managers who are the airlines' primary full-fare customers. Deregulation has not helped the situation. Fare wars are now commonplace in North America, and spreading elsewhere, as airlines compete for passengers. In an effort to stem mounting losses, carriers are cutting expenses wherever possible, including meal service. Over the next few years, it appears that significant growth in domestic revenues will be difficult for the in-flight catering industry to attain.

In a parallel development, a number of large domestic carriers, strapped for cash, are forging alliances with foreign airlines seeking access to the U.S. market. Thus KLM has invested

in Northwest Airlines and Air Canada in Continental. Since in-flight food service is an important point of differentiation in foreign carriers' aggressive competition for passengers, Sky Chefs' revenues could well be enhanced by this trend.

Significant revenue growth in the future for Sky Chefs will likely come from international expansion. Major offshore carriers have traditionally done their own catering, but the company believes that many airlines will eventually prefer to focus on their core transportation business, selling their catering operations to specialists such as Sky Chefs. The company is currently exploring opportunities with a number of international carriers.

LOOKING AHEAD

In 1993 Sky Chefs will continue its emphasis on quality improvement and expense reductions in order to improve its profitability under the American Airlines' contract. Head office administrative expenses have

US \$ millions

	1992	1991
Revenues	466.7	467.4
EBIAT	18.7	26.2
Interest expense	(8.8)	(8.2)
Net earnings from continuing operations	5.7	6.8
Cash provided by operations	20.4	25.6
Total assets	245.0	253.8
Debt, current and long-term	54.5	54.3
Shareholders' equity	72.3	65.7
Onex' ownership	83%	83%
Employees	7,700	7,900

already been a major target of cost cutting. In addition, a two-year program of process improvement is



underway that will help to reduce the cycle time needed to complete work, eliminate

waste, and improve quality and productivity, without adding resources. Sky Chefs expects to see a substantial reduction in costs from the program in the coming years, with a corresponding increase in profitability.



\$552.8 million, down 1% from \$560.2 million in 1991.

Operating earnings totalled \$14.0 million compared to \$21.4 million in the prior

year. Small price increases and a broader reweigh program — reweigh charges customers on actual rather than estimated shipment weight — substantially increased Purolator's revenue per shipment. Ongoing expense reductions, including further reductions in clerical and management staff, made up approximately one-third of the revenue shortfall. Nevertheless, the company expensed a substantial investment in service improvements and was unable to reduce its fixed costs at the same pace as the decline in shipments. This left Purolator with a net loss of \$9.4 million compared to a net loss of \$1.9 million in 1991.

BETTER USE OF INFORMATION TECHNOLOGY

During 1992 Purolator continued to improve the quality of management information systems and controls

throughout the organization. The installation of its pricing and cost management system, for example, now gives managers a complete understanding of the profitability of its individual routes and customers. The system's ability to analyse profit margins by product, by customer and by market segment now drives many critical considerations such as product pricing, cost reduction and productivity benchmarking.

Purolator is also using information more effectively to improve service



and reduce costs. With the installation of its bar-code "track and trace" sys-

tem completed in 1992, each package is now scanned four times as it passes through the system, enabling more speed and accuracy in this important function. As a result, Purolator has reduced misdirected deliveries and claims substantially, and service, as measured by on-time deliveries, is now at a record high.

Purolator Courier

Ltd. is the leading overnight package distribution service in Canada. Approximately 75% of the 78 million shipments Purolator carries each year are time-sensitive materials or goods.

Purolator's financial results for 1992 were disappointing. While the company made important gains in market share, cost reduction and service improvement, its revenue base is tied to manufacturing and retailing inventories, currently the weakest sectors of the Canadian economy. Total volumes for the package distribution industry were down for the year. In addition, seven major competitors battled in this shrinking market, cutting prices in attempts to protect or capture market share. As a result, Purolator recorded revenues of



CUSTOMERS ARE TAKING NOTICE

Purolator enjoyed four successive quarters of increased market share during 1992. It won new business from major shippers and won back a significant number of former customers.

The company took another major step in service quality in November 1992 when it opened one of four national call centres in Moncton, New Brunswick. This centre consolidates more than 20 former centres with a toll-free, nationwide number for pick-up, tracing, supplies and general information. The system enables full call transfer among centres for optimum service to customers.

IMPROVED PRODUCTS

In the past two years Purolator has launched a range of shipping products designed to satisfy different customer needs. *9A.M. Daystarter™*, introduced in 1990, and *USA.M.™* and *Weekender™*, both launched in 1991, have each met the company's targets for growth. In 1992 Purolator introduced *USA.M. Expresspak™*. This next-morning

service guarantees delivery to over 30,000 centres across the United States for a package of up to three pounds, for less than \$30.00. The new service is the lowest-price, guaranteed overnight delivery to the U.S. from Canada.

Also encouraging is the acceptance by major customers of Purolator's Perfect Shipper system. The PC-based workstation, located at customer sites, provides weighing, processing and reconciliation of shipments, shipping label generation and complete track and trace capability. Perfect Shipper is now installed at more than 1,500 locations, and Purolator is connecting approximately 100 new systems each month.

OUTLOOK

The Canadian economy should improve in 1993, although moderately. Purolator, which has the strength of market coverage, market share and economies of scale — as well as a lean cost structure — should benefit significantly from increased shipments. The company intends to introduce new revenue enhancement programs such as an expanded reweigh

\$ millions

	1992	1991
Revenues	552.8	560.2
EBIAT	14.0	21.4
Interest expense and preferred dividends	(18.1)	(20.3)
Net loss	(9.4)	(1.9)
Cash provided by operations	6.7	12.6
Total assets	334.5	337.1
Debt and preferred shares	183.5	187.8
Shareholders' equity	75.6	84.8
Onex' ownership	78%	80%
Employees	8,000	8,500

program, new products for small shippers, drop-box placements and telemarketing. It will focus on further cost reductions, including more efficient loading operations, ongoing reduction in misdirected shipments and enhanced employee productivity.



Increased productivity remains Purolator's largest opportunity for cost savings.

An emphasis on training delayed these efforts in 1992. During 1993 the company will use its new Field Management Reporting System to track the performance of individuals, terminals and regions. This will enable Purolator to establish standards and goals in consultation with employees so that performance against objectives can be analysed and improved each day.

ProSource Distribution Services is the distributor of choice for food and paper products to 72% of Burger King franchised and company-owned restaurants in the United States.

On June 30, 1992 Onex completed the acquisition of Burger King Distribution Services from Burger King Corporation. Onex invested \$22 million in the \$141 million transaction for an 82% ownership interest. ProSource employs 1,200 people and operates 21 distribution centres across the United States.

The foodservice distribution industry in the United States comprises 3,500 companies; distributors with annual revenues of less than \$70 million account for 64% of sales. Three types of distributors dominate this highly-fragmented industry: smaller, local

or regional companies that serve a variety of restaurants and institutions; broadline distributors that cater to establishments ranging from commercial "white-tablecloth" restaurants to non-commercial schools and hospitals; and systems specialists, which typically provide products to limited-menu, or fast-food, restaurants across a wider geographic area. With annual revenues of US \$1.2 billion, ProSource Distribution Services is the third-largest systems specialist in the United States.

Slow growth in the foodservice market in recent years has put pressure on both retail and distributor margins. This has led distributors such as ProSource to battle on two fronts: cost reductions to maintain profitability; and service excellence to retain customer loyalty in an increasingly competitive marketplace. At the same time, greater complexity and diversity of quick-service menus have necessitated more reliance on top-quality information systems. The capital investment needed for such installations has increased the importance of economies of scale in serving customers. Not surprisingly, the number of foodservice distributors is shrinking, while the largest broadline and systems distributors are growing rapidly through mergers and acquisitions.

OPERATING PERFORMANCE ON TARGET

In line with expectations, ProSource experienced modest growth during the year. Revenues were US \$1.2 billion, up moderately from last year. As customers' revenues were unchanged on the year, this growth represents increased market share, primarily with franchise operations. EBIAT for the full year totalled US \$13.6 million, and US \$7.3 million for the six months in 1992 since acquisition.

During the year ProSource worked on improving its price competitive-



ness. The company expects that ongoing improvements to its automated

sortation system, routing efficiencies, more centralized inventory management, and reduction in the average age of its truck fleet to achieve savings in fuel and maintenance costs, will give additional momentum to the growth in its operating earnings.



THE CUSTOMER DELIGHT INDEX

The stated mission of ProSource is to provide its customers with a sustained competitive advantage through food-cost advantages, consistent high-quality service, superior product quality and value-added services. Their measurement of progress towards this goal is known as the "Customer Delight Index." The Index is compiled from frequent surveys with restaurant managers and franchisees.

The company also maintains close ties to its customers through driver contact and local and national customer councils. Because service quality is a primary differentiator in a competitive marketplace, employees — known as "associates" at ProSource — are rewarded on individual and team performance against service objectives.

The electronic franchise support system is also a key component of ProSource's value-added services. Restaurant owners can enter orders, receive purchase information and track inventory, all electronically.

The system also includes a suggested order feature that adjusts orders for an individual store against historical trends.

OUTLOOK

In the short term, ProSource should benefit from the rollout of Burger King's "Dinner Basket" program, which is a national promotion designed to attract dinner-time customers to its restaurants. The program was launched nationally in the fourth quarter of 1992.

ProSource Distribution's franchise penetration of Burger King outlets is approximately 67%, up 1% during the year; the nearest competitor holds 8%. Nevertheless, franchise associations have the option to put their business out to tender, and ProSource faces a number of such bids each year. The company lost no meaningful amount of business in the past year, and will continue to bid aggressively to protect — and expand — its share of Burger King business. During the coming years, however, ProSource hopes to reduce its reliance on Burger King by increasing the number of other chains it serves.

US \$ millions

	6 months following acquisition 1992	full-year 1992
Revenues	618.4	1,201.8
EBIAT	7.3	13.6
Net earnings	2.2	-
Total assets	156.1	-
Debt, current and long-term	61.1	-
Shareholders' equity	24.7	-
Onex' ownership	82%	-
Employees	1,200	-

In 1992 ProSource obtained its first non-Burger King customer, a regional fast-food chain specializing in Mexican food. In addition, the company signed an agreement to create a joint venture with a distributor in Mexico; the new company will hold exclusive rights to service Burger King restaurants in that country for seven years and is marketing its



services to other limited-menu, fast-food outlets in Mexico.

ProSource also has

an export segment. The company supplies proprietary products specified by Burger King to Burger King restaurants in 30 countries. Currently a small portion of total revenues, ProSource's export business nevertheless provides an excellent window on the trends and growth of potentially lucrative foreign markets.



EXCEPTIONAL
PERFORMANCE
BY AII

The North
American

automotive industry recovered little from the reduced demand of the prior two years, with light vehicle sales finishing slightly below 13 million units. Nonetheless, AII reported extremely strong results in 1992. Sales advanced 30% to US \$272.4 million, and operating profits (EBIAT) were up 32% to US \$40.3 million. This exceptional performance was fueled by increased production of light trucks and sport-utility vehicles — which continue to outperform passenger cars and represent approximately 50% of AII's volume — as well as increased market share from new models and additional revenues from the Plasta Fiber and Cellasto acquisitions discussed below. In addition, ongoing cost-reduction initiatives in many areas of the business led to further improvement in operating earnings.

In May 1992, through an Initial Public Offering of shares in the United States, AII raised US \$70.1 million. The net proceeds were used to repay a substantial portion of

AII's debt, leaving the company with a much stronger balance sheet. As a result, the company has the financial flexibility and access to capital required to pursue its strategy for growth.

FRAMEWORK FOR
CONTINUED GROWTH

The interior trim segment of the automotive industry is undergoing a consolidation to fewer, stronger



suppliers. Those that have the critical mass to offer comprehensive services with the

highest quality and efficiency will have the greatest opportunities for growth. AII's strategy to achieve its share of growth focuses on two principal areas. The first is to maintain and expand its business by providing services that range from product development to delivery. The second is to pursue strategic acquisitions that enhance its overall ability to serve

*Hidden Creek Industries
(HCI) of Minneapolis is*

*Onex' acquisition partnership
with Tony Johnson. Onex has
participated with Hidden Creek
in four acquisitions.*

Automotive Industries (AII), acquired in 1990, is a major supplier of interior-trim systems and blow-molded products to car and light truck manufacturers. Dura Mechanical Components, Inc., also acquired in 1990, is the largest supplier of window regulators and parking brakes in North America. In 1992 HCI added to AII's plant capacity and customer base with the purchase of Plasta Fiber Industries and Cellasto Plastics, Inc. Onex holds a 35% equity interest (60% voting interest) in AII and 80% in Dura.

customers. During 1992 AII made significant strides in pursuing its growth objectives.

AII continued to build its existing base of business by delivering high quality products in a cost-efficient manner. In addition, the company focused on developing the design and engineering capabilities that customers will require in the future. AII also bought Plasta Fiber and Cellasto Plastics. These acquisitions not only added \$40 million of profitable business, but also fit AII's strategic criteria: new or expanded product lines or technologies that enhance AII's overall systems capability; new customers — Plasta Fiber, for example, brought Honda with it — or expanded positions with existing customers on new models; capable people; and a fair price. Plasta Fiber and Cellasto are excellent examples of the type of strategic investments AII will pursue as the interior trim segment continues to consolidate.

GOOD PROGRESS AT DURA MECHANICAL

Dura Mechanical finished the second year of its turnaround strategy in 1992. The company substantially

completed the restructuring of its manufacturing operations and uncovered additional opportunities to improve its operations. The implementation of a cellular manufacturing concept, which is designed to eliminate long production lines and minimize inventory and labour costs, will be completed during the first quarter of 1993.

Dura is already gaining production efficiencies from its efforts. Operating earnings were up 44% from 1991 levels, even though price pressure from customers reduced the overall impact of these improvements. Dura expects operating earnings to continue to improve over the next several years as the benefits begin to flow from the restructuring that has been underway for the past two years.

HCI is also continuing to work with Dura to achieve ongoing, incremental improvements in its engineering, cost and quality. While Dura won a new contract during the year with a major transplant manufacturer — a good indication of progress — work remains to be done to develop the company's full potential.

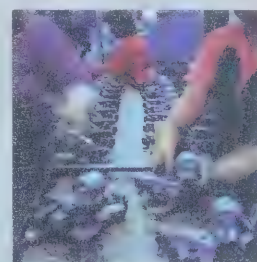
US \$ millions - AII and Dura

	1992	1991
Revenues	397.8	329.4
EBIAT	42.7	33.3
Net earnings	16.4*	6.8
Total assets	282.7	259.0
Debt, current and long-term	96.1	129.7
Shareholders' equity	113.6	36.6
Onex' ownership		
Automotive Industries (60% voting interest)	35%	69%
Dura Mechanical	80%	80%
Employees	3,900	3,200

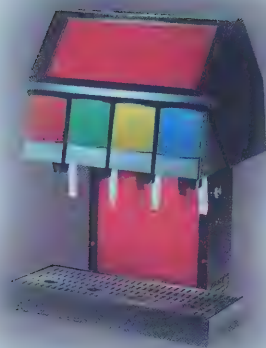
*Prior to costs associated with Initial Public Offering and concurrent debt repayment.

OUTLOOK

Some improvement in the North American light vehicle industry is anticipated in 1993 as consumer confidence builds with strength in the economy. Automotive Industries is projecting increased volumes at its plants in the coming year due to the introduction of new vehicle mod-



els for which it produces parts, increased production of existing vehicles and a full year of revenues from the two companies acquired in 1992. Revenue improvement at Dura Mechanical will be tied to a great extent to the overall level of light vehicle production in North America; this is due to the large number of different models for which Dura produces parts.



EXCELLENT OPERATING PERFORMANCE

The Diggs Group results are particularly gratifying. 1992 marked the first year of tangible recession in the North American foodservice equipment

industry. An even deeper slowdown beset the United Kingdom. Both Delfield and Whitlenge, however, exceeded expectations for revenue and operating income.

Total annual revenues for The Diggs Group companies were US \$102.1 million, an increase of US \$30.7 million over 1991 results; approximately US \$22.3 million of the revenue growth is attributable to the inclusion of Whitlenge results for 1992. EBIAT increased 97% to US \$12.2 million from US \$6.2 million in the prior year.

Delfield continues to benefit from menu and format changes by major chains. New trends in casual dining, described below, are also providing new sources of revenue, particularly in customized products. The market for non-custom lines of food-storage refrigerators and freezers, which represent roughly 25% of the company's business, remains price competitive.

Nevertheless, Delfield has been able to maintain its share of the market with a line of competitively-priced equipment.

AN EVOLVING MARKETPLACE

Two primary influences interact to drive the growth of the foodservice equipment industry. The first is demographic in nature. Working women, single-parent families and a maturing population increasingly eat away from home. The second influence stems from aggressive competition between restaurants, which leads to accelerated menu and ownership changes. It is this continuing competition for a broader base of customers that fuels the demand for foodservice equipment.



Just as demographic factors propelled the rapid expansion of fast-food

chains during the 1970s and 1980s, they underpin the emergence of "casual dining" in the 1990s.



*The Diggs Group,
located in Dayton, Ohio,
is a partnership created in
1990 between Onex and Matt
Diggs to purchase and develop
mid-sized manufacturing
companies in the foodservice
equipment industry.*

In 1991 the partnership acquired The Delfield Company, the leading manufacturer of reach-in refrigeration equipment in the United States. In April 1992 The Diggs Group purchased Whitlenge Drink Equipment Limited, the premier manufacturer of soft-drink and beer dispensers in the United Kingdom. Onex invested \$1.8 million in the \$15.5 million purchase of Whitlenge for an 86% equity interest.

Baby boomers, who are now mature adults with families, and the growing ranks of retired people, desire table service in a casual atmosphere. This casual dining format represents the fastest-growing segment of the restaurant market, and has led to the accelerated growth of regional, mini-restaurant chains.



At the same time, non-traditional food outlets are flourishing. Retailers such as Kmart and

Wal-Mart, which are inherently well-located for restaurant patronage, are establishing restaurants in their stores. Supermarkets, gas stations, drive-through restaurants and airport snack bars are also increasing demand for foodservice equipment.

These trends are having a positive impact on Delfield's revenues. As national soft-goods retailers make the decision to enter the restaurant business, they require consistency of appearance and installation in stores across a wide geographical area. Delfield is uniquely positioned to provide top-quality engineering,

custom manufacturing and on-time installations on a national basis.

Delfield's emphasis on customization has attuned the company to the emerging need for more stylish foodservice equipment that frequently forms part of the decor in the casual dining format. During 1993 the company will expand its in-house capability for the fabrication of components from non-metallic materials. It will also continue to upgrade its computerized production capability in order to achieve further cost reductions and quality improvements.

Overall, we expect good growth in revenues and operating earnings at Delfield during the coming year.

WHITLENGE DRINK EQUIPMENT

Onex and Matt Diggs recognized in Whitlenge the same qualities that underpin Delfield's success: a well-defined market niche, excellent management, potential for sustained growth and a true understanding of the needs of their customers.

US \$ millions (full-year information)

	1992	1991
Revenues	102.1	71.4
EBIAT	12.2	6.2
Total assets	53.6	36.9
Debt, current and long-term	36.5	14.4
Shareholders' equity	(1.3)*	6.9
Onex' ownership		
Delfield (80% voting interest)	48%	79%
Whitlenge	86%	-
Employees	880	700

*After dividend payment of \$18.5 million

Whitlenge developed and manufactures the leading soft-drink dispensing equipment used in U.K. restaurants and pubs. It is also the market leader in beer and lager cooling systems. The company manufactures the highly successful "Super Pacific" line, a unit which offers innovative refrigeration options, ease of service and efficient operation. Although the total market for beer-cooling equipment has weakened along with the rest of the U.K. economy, Whitlenge's revenues in this important segment advanced by more than 70% last year.

During 1993 Whitlenge will consolidate two operations at its Birmingham, England plant in order to achieve cost efficiencies. Longer term, we expect that the company's strategy of developing new markets outside the United Kingdom will help it become a significant beneficiary of the growing popularity of fast-food restaurants in continental Europe.





interests of 85% in Dayton Superior, 54% in Johnstown America and 58% in Johnstown Wire.

GOOD PERFORMANCE AT JOHNSTOWN AMERICA

Reduced spending on capital goods in 1992 resulted in industry deliveries of railcars that were about 4,000 short of the 30,000 estimated by the freight-car industry. However, deliveries by Johnstown America in 1992 outpaced those of 1991, with sales momentum and order backlog building throughout the second half of the year.

While 1992 revenues were lower than the previous year, operating earnings were just below those of 1991, despite a competitive pricing environment. Johnstown recorded excellent productivity gains. This was due in large part to an innovative, three-year labour agreement signed at the time of acquisition, as well as improved manufacturing processes and reduced materials costs. The company also embarked on a Total Business Excellence program that employs training sessions and seminars to help managers and labour achieve their joint mission — to build the best freight car in the industry with the greatest efficiency. Customer feedback on the effect of the program on Johnstown's quality and service has been very positive.

A STRONGER 1993

Johnstown America anticipates higher total demand for freight cars in 1993 — 28-30,000 units. Revenue growth will likely come from its aluminum coal gondola, a lighter-weight, higher-capacity car that has



enjoyed excellent market acceptance, and from new products such as its inter-

modal equipment and 110-foot, articulated "trough trains." Johnstown also expects increased activity in its "rebodying" business, in which it refits older railcars to bring them up to current standards.

DAYTON SUPERIOR: EXCELLENT EFFORTS IN A TOUGH MARKETPLACE

The commercial construction market contracted by 2% in 1992, on top of a 10% decline in 1991. Dayton Superior nevertheless recorded a 4% gain in revenue in 1992, due primarily to some regional strengths and increased infrastructure and non-commercial construction. Sales of chemical products used in concrete

*TMB Industries,
located in Chicago, Illinois,
is Onex' industrial acquisition
partnership with Tom Begel.
The partnership was formed to
purchase and develop mid-sized
industrial manufacturing
companies.*

In 1989 TMB acquired Dayton Superior Corporation, North America's leading manufacturer and distributor of products used in concrete construction. In 1991 TMB purchased a major manufacturer/refitter of railroad freight cars, and renamed the company Johnstown America Corporation. In late 1992 TMB acquired the assets of Bethlehem Steel Corporation's wire drawing business and created a new company named Johnstown Wire Technologies, Inc. Onex holds equity



construction again achieved double-digit growth — the fourth consecutive year of such increases — as Dayton repositioned old products and introduced new ones acquired for distribution through its national network. Sales of construction-related plastics were also strong.

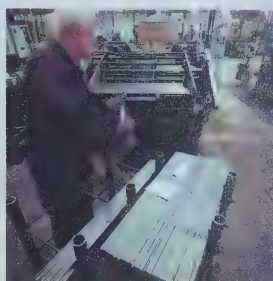
Serious industry over-capacity leading to intense price competition put downward pressure on selling margins, particularly in generic construction products. Dayton matched prices to protect its market share — it actually gained share as some competitors fell into bankruptcy protection or discontinued product lines — but the increased volume of lower-margin sales reduced operating income by 50%. Continuing success in reducing administrative costs, rationalizing its dealer network and improving management information systems ameliorated the impact of lower margins to some extent.

INFRASTRUCTURE SPENDING STRONG

As we noted in last year's Report, Dayton Superior can be viewed as two distinct businesses: one serving the commercial construction industry and the other serving infrastructure construction such as highways, bridges, airports, prisons and waste-treatment plants. Each business accounts for approximately half of Dayton's revenues.

While commercial construction is unlikely to see sustainable growth until 1994 or even 1995, the company expects that revenues from infrastructure spending will continue to be very strong. The much-heralded \$151 billion

Intermodal Surface, Transportation and Energy Act is being implemented, despite a slow start; \$18 billion was spent in the first



year of the program, which had a positive impact on Dayton's 1992 revenues. As the spending requirements, fiscal health and political will of individual states differ dramatically, the amount and timing of future infrastructure construction will vary widely from state to state. Dayton Superior, with its national presence, is well-positioned to benefit from increased infrastructure spending.

Dayton Superior is in the process of restructuring its debt with its current lender. The restructuring will require US \$4 million of equity investment from shareholders and will substantially strengthen the financial position of the company.

US \$ millions (full-year information)	Dayton Superior		Johnstown America		Johnstown Wire
	1992	1991	1992	1991	1992
Revenues	71.5	68.5	204.5	227.8	52.0
EBIAT	3.2	6.7	8.1	10.6	N/A
Interest expense	(8.7)	(8.5)	(5.4)	N/A	N/A
Net earnings (loss)	(6.0)	(2.4)	0.8	N/A	N/A
Total assets	79.2	80.0	89.9	80.3	13.7
Debt, current and long-term	63.8	60.2	34.8	37.7	5.2
Shareholders' equity	1.8	7.8	17.2	16.8	3.0
Onex' ownership	85%	85%	54%	54%	58%
Employees	500	500	1,150	950	180

TMB ACQUISITION

In late December 1992, TMB acquired Bethlehem Steel Corporation's wire mill in Johnstown, Pennsylvania in a transaction valued at US \$12.5 million. Onex invested US \$1.7 million of the US \$3.0 million in equity for a 58% interest in the business. TMB subsequently formed a new company, Johnstown Wire Technologies, Inc., to operate the facilities.

More than half of Johnstown Wire's revenues come from wire used in the manufacture of industrial and automotive fasteners. The company also makes electrogalvanized wire for applications such as transmission lines, fencing and supporting wire, as well as other wire products with specialized characteristics or uses. Johnstown Wire, with revenues of approximately US \$52 million, operates from a single plant.

We expect that Johnstown Wire will achieve only moderate levels of profitability during 1993, its initial year of operation and restructuring. However, several programs are to be introduced to broaden the company's customer base and increase its operating efficiency.



M

anagement's Discussion and Analysis of Results of Operations and Financial Condition

The discussion which follows is a review of the consolidated financial results of Onex and provides information on risks and future trends that may affect the parent and its operating companies. This review is in addition to separate financial and operational information provided for each industry segment as set out on pages 16 to 27. Financial information by industry segment is also summarized in Note 16 to the Consolidated Financial Statements. Unless otherwise noted, all amounts in this discussion are in Canadian dollars.

Information on the fair value of Onex is provided in a separate section of the report beginning on page 12 and

in Note 17 to the Consolidated Financial Statements. The fair value determinations are based on the estimated value that a third party would pay for each of our operating companies in an open-market transaction. This valuation may be different than that derived from the Consolidated Financial Statements, which are based on historical cost principles.

CORPORATE OVERVIEW

Onex Corporation is a diversified company that operates through autonomous subsidiaries and strategic partnerships. Management's long-term objective is to maximize the value of the Company for shareholders by:

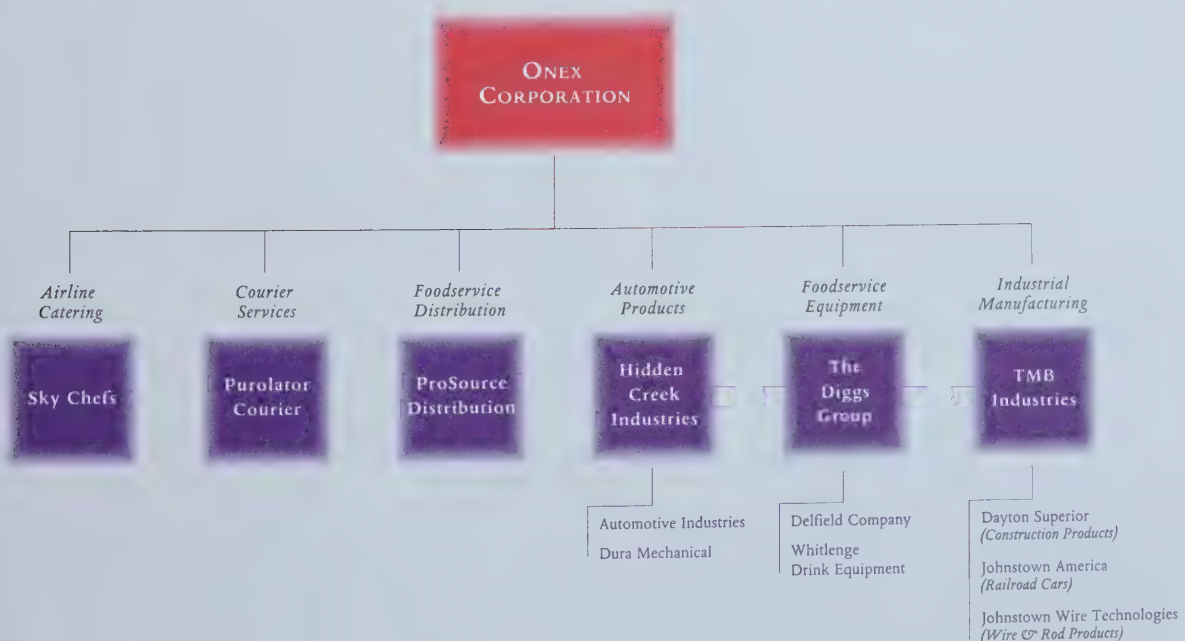
- Acquiring high-quality companies at reasonable prices;
- Creating value through entrepreneurial management of these companies; and
- Redeploying assets at opportune times.

At the end of 1992, the Onex companies had consolidated operating revenues of \$2.8 billion, assets of \$1.6 billion, and 24,000 employees.

CORPORATE ORGANIZATION

The following chart sets out the industry segments and principal operating subsidiaries of Onex at December 31, 1992.

29



TRANSACTIONS THAT SHAPED 1992

There were a number of significant transactions that occurred during 1992 which affect the comparability with 1991 of consolidated revenues, net earnings, assets and debt in Onex' Consolidated Financial Statements. The following is a synopsis of those transactions:

In April the Company acquired an 86% interest in Whitlunge Drink Equipment Limited; the assets, liabilities and operations of Whitlunge are included in the Consolidated Financial Statements from that date. Whitlunge is the leading manufacturer of soft-drink dispensing and beer-cooling equipment in the United Kingdom. The acquisition, made through Onex' acquisition partnership, The Diggs Group, expanded our presence in the foodservice equipment industry and provided a foothold in the European market. Financial information on this acquisition is provided in Note 2 to the Consolidated Financial Statements.

In May Automotive Industries completed an Initial Public Offering of shares in the United States, which resulted in net proceeds to Automotive Industries of approximately \$82.3 million. The proceeds were used to pay down debt of Automotive Industries. As Automotive Industries issued these additional shares at a price in excess of Onex' carrying value of its equity, Onex recorded a net gain of \$11.7 million. Onex did not purchase or sell any shares of Automotive Industries in the Offering. As a result of the Offering, Onex' ownership interest in the company was diluted from 69% to 35%. Onex retains voting control through agreements with other shareholders of Automotive Industries.

ProSource Distribution Services was created in June when Onex acquired certain assets and liabilities of Burger King Distribution Services. The company is a leading specialty foodservice distributor, primarily to multi-unit, fast-food restaurants in the United States. Virtually all of ProSource's revenues are from Burger King Corporation-owned, or franchisee-owned, Burger King restaurants. The acquisition firmly established Onex in an industry with which it is familiar. Onex has gained a strong understanding of foodservice through Sky Chefs and Beatrice, and of time-sensitive distribution through Purolator. The financial structure of the acquisition is described in Note 2 to the financial statements.

Automotive Industries completed two acquisitions during the year: Plasta Fiber Industries and Cellasto Plastics. Both transactions brought needed production capacity and new vehicle models to Automotive Industries.

In November Sky Chefs completed the sale of its non-airline catering operation, Southwest Dining Services.

The sale resulted in a gain, Onex' share of which is \$1.8 million. It represents the 1992 net earnings of discontinued operations in the Consolidated Statements of Earnings.

In December Onex, through its acquisition partnership TMB Industries, acquired certain assets and liabilities of Bethlehem Steel Corporation's wire drawing operations in Johnstown, Pennsylvania. Johnstown Wire Technologies, Inc. was formed to run the wire mill, which produces a variety of steel, zinc and aluminum wire, and is a processor of bar, rod and wire. This is the third acquisition through the TMB partnership, and fits well with TMB's objective of acquiring and developing mid-size manufacturing companies. The balance sheet of Johnstown Wire Technologies is included in the December 31 Consolidated Financial Statements. As the company was acquired in late December, no results from its operations are included for 1992.

In December Delfield paid a dividend to its shareholders of \$23.5 million (US \$18.5 million). The portion of this dividend paid to the minority shareholders of Delfield exceeded their equity interest in the company by approximately \$8.8 million; Onex recorded a charge to its consolidated earnings for that amount. Future earnings of Delfield will be allocated 100% to Onex until the amount of that charge is recovered.

The table below sets out the principal operating subsidiaries of Onex that are included in the consolidated results for 1992 and 1991, as well as the percentage ownership interest held at December 31 in both years.

	1992		1991	
CONTINUING OPERATIONS	Ownership	Months included in earnings	Ownership	Months included in earnings
Sky Chefs	83%	12	83%	12
Purolator Courier	78%	12	80%	12
ProSource	82%	6	-	-
Automotive Industries	35% (1)	12	69%	12
Dura Mechanical	80%	12	80%	12
Delfield	48% (2)	12	79%	8
Whitlunge	86%	9	-	-
Dayton Superior	85%	12	85%	12
Johnstown America	54%	12	54%	2
Johnstown Wire	58%	- (3)	-	-
DISCONTINUED OPERATIONS				
Beatrice Foods	-	-	73%	11
Southwest Dining	-	-	83%	12

(1) Ownership interest reduced in May 1992 with public offering of shares of Automotive Industries. Onex retains voting control of the company.

(2) Ownership interest in Delfield reduced from 79% to 48% on December 31, 1992. Onex retains voting control of the company.

(3) Johnstown Wire was acquired in late December 1992. There were no operations during the period of ownership in 1992.

OPERATING RESULTS

REVENUES INCREASE BY 69% IN 1992

Revenues from continuing operations for 1992 were \$2.8 billion, up \$1.1 billion, or 69%, over 1991 results. The table below presents the components of consolidated revenues from continuing operations by industry segment and geographic area for the years ended December 31, 1992 and 1991.

REVENUE DIVERSIFICATION

(by industry segment & geographic area)

(\$millions)	1992			1991		
	US	CDN	UK	US	CDN	
Airline Catering	564.0	100%	-	535.5	100%	-
Courier Services	552.8	-	100%	560.3	-	100%
Foodservice Distribution	761.7	100%	-	-	-	-
Automotive Products	481.1	94%	6%	377.4	94%	6%
Foodservice Equipment	118.7	82%	-	57.9	100%	-
Industrial Manufacturing	333.5	89%	11%	134.9	97%	3%
Parent Company	4.3	-	100%	1.1	-	100%
Total	2,816.1	78.2%	21.0%	1,667.1	65%	35%

Reported revenue from Airline Catering is up by about 5% over last year due to the effect of currency translation. Actual revenues in U.S. dollars are even with last year. An increase in the volume of activity was offset by reduced pricing to Sky Chefs' major customer, American Airlines, under a ten-year contract that was finalized during 1992.

Unit volumes of the Courier Services segment were slightly below the prior year and continue to be negatively affected by the lingering effects of the recession in Canada. Prices showed little increase due to intense competition among courier companies.

Revenues of the Foodservice Distribution segment are for the six months of ownership since the acquisition of ProSource on June 30, 1992.

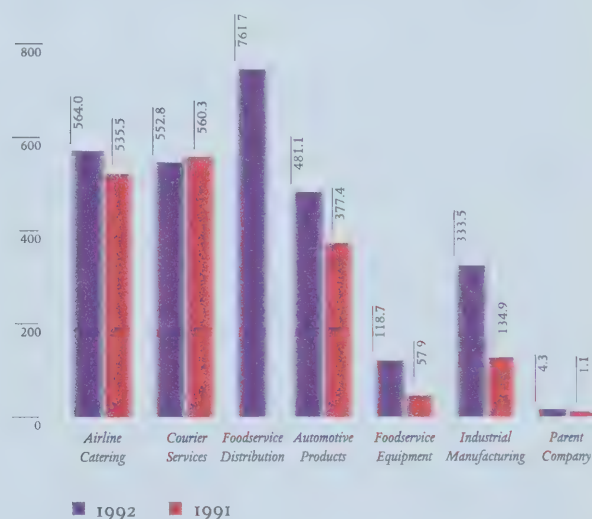
The Industrial Manufacturing segment showed significant revenue growth. The inclusion of Johnstown America for a full year in 1992, compared to two months in 1991, provided approximately \$191 million of the growth. Dayton Superior's revenues increased by \$7.8 million, or about 10%, as a result of strong demand for concrete additives and paving products. There were no revenues recorded in 1992 for Johnstown Wire Technologies as the company was acquired at the end of December.

Revenues of the Automotive Products segment increased by \$103.7 million over 1991. This was as a result of sales volume growth due to new models served and increased production on existing models. In addition, Automotive Industries' acquisitions of Plasta Fiber and Cellasto Plastics during 1992 provided \$32.6 million of the increased revenues.

Revenues from the Foodservice Equipment segment rose by \$60.8 million over 1991. The purchase of Whitlenge in April 1992 provided \$21.7 million of additional revenues. The balance of the increase for the segment was due to higher volumes at Delfield and the inclusion of a full year of its operations in 1992 compared to the eight months following its 1991 acquisition.

REVENUES

(\$millions)



OPERATING EARNINGS ALSO GROW

Onex defines operating earnings as "EBIAT" — earnings from continuing operations before interest expense, amortization of accounting intangibles (primarily goodwill), and income taxes. We consider EBIAT to be a good measure of a company's operating performance because it eliminates interest charges, which are a function of the particular financing structure, and non-cash amortization charges resulting from purchase-accounting intangibles.

Consolidated operating earnings in 1992 totalled \$127.7 million, a \$20.2 million increase from the \$107.5 million recorded in 1991. The acquisitions of Whitlenge and ProSource provided approximately \$3.5 million and \$9.0 million, respectively, of that growth. The inclusion of a full year of operations for Delfield and Johnstown America, which were acquired part way through 1991, increased operating earnings by approximately \$12.3 million in 1992.

Operating earnings in the Airline Catering segment were lower due to pricing concessions provided to American Airlines under a new, ten-year agreement signed in early 1992. While this new contract reduced Sky Chefs' profitability in 1992, the contract solidified the company's position as American Airlines' largest caterer for the 1990s. Sky Chefs made substantial progress during 1992 in reducing its operating costs, which will enable it to begin to return to acceptable operating margins.

Operating earnings of the Courier Services segment declined. A unit volume reduction due to the recession in Canada, pricing pressures, and the difficulty to achieve offsetting productivity gains all contributed to lower earnings from Purolator.

Operating earnings of the Foodservice Distribution segment represent the operations of ProSource since its acquisition in June 1992 and were in line with expectations for the period.

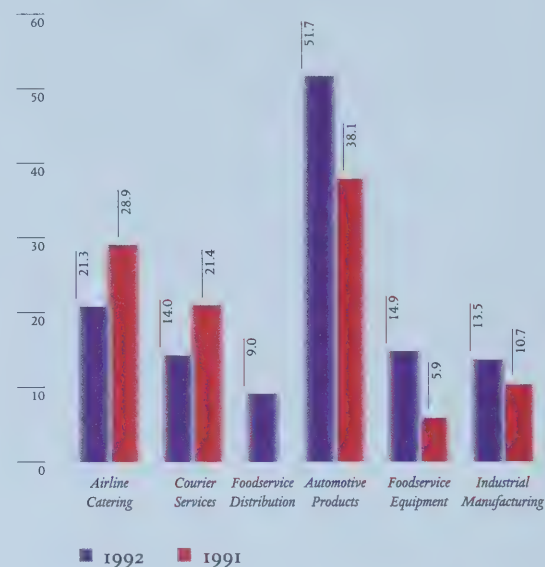
In 1992 the Automotive Products segment achieved strong growth in operating earnings compared to 1991. These results were due to an increase in new business, additional light vehicle production by customers, improved operating efficiencies, and the two acquisitions completed in 1992.

The Foodservice Equipment segment showed substantial growth in operating earnings. The acquisition of Whitlence in April 1992 provided \$3.5 million, and the inclusion of a full year of Delfield's operations increased operating earnings by approximately \$5.5 million. Delfield benefitted from continuing changes to menus and formats by both major national and regional restaurant chains. Whitlence increased its revenues and earnings despite the ongoing recession in the United Kingdom.

The Industrial Manufacturing segment recorded increased operating earnings due to the inclusion of a full year of operations at Johnstown America (\$6.8 million), which was acquired in October 1991. Operating results of Dayton Superior were negatively affected by a shift of sales to lower-margin products and competitive pricing on other product lines (\$4.0 million). The company continued to implement meaningful cost-cutting programs, but these were not sufficient to offset the effects of the sales mix and competitive pricing.

OPERATING EARNINGS (EBIAT)

(\$millions)



INTEREST EXPENSE INCREASES WITH NEW ACQUISITIONS IN 1992

Interest expense in 1992 increased to \$64.8 million from \$59.4 million in 1991. Substantially all of this increase is associated with the acquisitions of Whitlence and ProSource in 1992, as well as the inclusion of a full year of interest expense attributable to the acquisitions of Delfield and Johnstown America in 1991. The following table provides an analysis of the change in interest expense from that of 1991.

CHANGE IN INTEREST EXPENSE

(\$millions)

1991 interest expense of continuing operations	59.4
Additional interest expense in 1992 due to:	
Acquisition of Whitlence (9 months)	0.9
Acquisition of ProSource (6 months)	3.9
Acquisitions of Plasta Fiber and Cellasto Plastics	0.1
Full year of Delfield and Johnstown America	5.7
Interest cost reduction due to repayment of debt	(3.4)
Interest cost reduction due to lower rates	(1.8)
Reported interest expense for 1992	64.8

Onex, the parent company, has no debt. Each of Onex' operating companies is responsible for the principal and interest on its own debt. There are no cross-guarantees between subsidiaries.

INTEREST COVERAGE

As the responsibility for debt and debt service rests with Onex' individual operating companies, it is appropriate to look at the relationship of operating earnings (EBIAT) to interest expense by each operating company in order to understand interest coverage. In the following table we show this relationship for 1992 and 1991.

OPERATING EARNINGS/INTEREST EXPENSE

(\$millions)	1992		1991	
	EBIAT	Interest expense	EBIAT	Interest expense
Sky Chefs	21.3	10.7	28.9	8.6
Purolator Courier	14.0	18.1 ⁽¹⁾	21.4	20.3 ⁽¹⁾
ProSource Distribution	9.0	3.9	-	-
Automotive Industries	48.3	11.1	35.5	16.6
Dura Mechanical	3.4	1.5	2.6	1.8
Delfield	11.4	2.0	5.9	1.9
Whitlenge	3.5	0.9	-	-
Dayton Superior	3.7	10.4	7.7	9.5
Johnstown America	9.8	6.5	3.0	1.2

(1) Includes dividends on preferred shares.

INTEREST INCOME LOWER IN 1992

Interest income results primarily from the cash and short-term investments held by the parent company, as well as surplus cash in the operating companies. Interest income declined in 1992 to \$9.0 million from \$13.0 million in 1991 due to lower investment rates available in the market place. In addition, Onex had a lower average cash balance during 1992 because it invested a portion of its cash funds in the acquisitions of Whitlenge and ProSource. Included in other income in 1992 was a gain of \$4.9 million from debt and interest forgiven at a subsidiary company.

AMORTIZATION OF GOODWILL

In accounting terminology, goodwill represents the difference between the price paid for a company as a whole and the sum of the fair value of the identifiable assets acquired. From a business perspective goodwill represents the brand names, market shares, valued customers, skilled employees and other factors that contribute to a company's ability to generate revenue.

Accounting convention requires that goodwill be amortized to earnings over a period not exceeding 40 years. The goodwill amortization charge does not reduce cash flow or impact operations, nor is it deductible for income-tax purposes. The charge does, however, have a significant impact on Onex' reported after-tax earnings.

Goodwill amortization in 1992 totalled \$18.2 million (\$0.76 per share) compared to \$20.2 million in 1991 (\$0.95 per share). The acquisitions completed in 1992 provided an

additional \$1.2 million of goodwill amortization. The 1991 amount included a charge of \$3.4 million associated with the amortization of the remaining value allocated to Sky Chefs' initial catering contract.

The total value of goodwill on the consolidated balance sheet increased by \$33.9 million to \$455.9 million as a result of the acquisitions completed in 1992.

EARNINGS FROM CONTINUING OPERATIONS AND NET EARNINGS

The following table shows the components of net earnings from continuing operations and net earnings for 1992 compared to 1991.

COMPONENTS OF NET EARNINGS

(\$millions)	1992	1991
<i>Continuing Operations:</i>		
Airline Catering	4.3	6.4
Courier Services	(7.4)	(1.6)
Foodservice Distribution	2.2	-
Automotive Products	7.5	3.1
Foodservice Equipment	6.1	1.7
Industrial Manufacturing	(5.8)	(1.9)
Net gain on capital transactions of subsidiaries	2.9	-
Parent Company	1.9	1.7
Continuing Operations	11.7	9.4
<i>Discontinued Operations:</i>		
Beatrice Foods		
Gain on sale	-	57.4
Income from operations	-	1.2
Southwest Dining		
Gain on sale	1.8	-
Loss from operations	-	(4.6)
Discontinued operations	1.8	54.0
Net Earnings	13.5	63.4

The net gain in 1992 on capital transactions of subsidiaries was discussed earlier in this review and in Note 10 to the Consolidated Financial Statements.

Discontinued operations in 1992 represent the gain on the sale of Southwest Dining Services, which were the non-airline catering operations of Sky Chefs. The 1991 results of those operations are presented in the comparative figure.

In 1991 a gain of \$57.4 million was made on the sale of Beatrice Foods. Onex also recorded \$1.2 million as its share of Beatrice Food's 1991 earnings up to the date of sale.

EARNINGS PER SHARE UP

Earnings per share from continuing operations for 1992 were up \$0.36 compared to \$0.34 for 1991 (before the effect of the Special Dividend in 1991). While earnings from continuing operations were up by 24% in 1992, the increase in earnings per share was lower due to the effect of issuing additional shares in early 1992 under the Dividend Investment Rights Offering.

In determining earnings per Subordinate Voting Share, accounting practice calls for the consolidated net earnings of the company to be reduced by the dividends attributable to the Multiple Voting Shares, as they are considered senior shares.

Earnings per Subordinate Voting Share are presented in Note 12 to the Consolidated Financial Statements before and after the effect of a \$3.50 Special Dividend per Subordinate Voting Share paid December 30, 1991. This additional disclosure was made to provide information concerning the effect on 1991 earnings per Subordinate Voting Share had the Special Dividend not been declared.

CASH FLOW PER SHARE REMAINS STRONG

The following table presents the components of cash flow from continuing operations and cash flow per share. Cash flow from operations is net earnings from continuing operations with non-cash items added back, as indicated in the table.

CASH FLOW PER SHARE

(\$millions – except per share amounts)	1992	1991
Net earnings from continuing operations	11.7	9.4
Add non-cash charges:		
Depreciation	48.0	35.1
Amortization	18.2	20.2
Minority interest in earnings	13.1	5.8
Other	6.7	2.1
Net gain on capital transactions of subsidiaries	(3.0)	-
Cash flow from operations	94.7	72.6
Cash flow per share	3.92	3.42

FINANCIAL CONDITION

CONSOLIDATED ASSETS

The components of Onex' consolidated assets, and their geographic distribution, are shown by industry segment in the table which follows. The acquisitions completed during 1992 were the primary factor in the increase in total assets.

CONSOLIDATED ASSETS

(\$millions)	1992			1991		
	US	CDN	UK	US	CDN	
Airline Catering	305.3	100%	-	295.1	100%	-
Courier Services	334.5	-	100%	337.1	-	100%
Foodservice Distribution	187.5	100%	-	-	-	-
Automotive Products	366.8	95.7%	4.3%	307.3	94.8%	5.2%
Foodservice Equipment	76.2	67.5%	-	47.5	100%	-
Industrial Manufacturing	242.5	99.4%	0.6%	190.2	99.1%	0.9%
Parent Company	100.9	10%	90%	100.3	11.8%	88.2%
Total	1,613.7	71.2%	27.3%	1,277.5	65.3%	34.7%

CONSOLIDATED LONG-TERM DEBT INCREASED

Long-term debt increased during 1992 as a result of the acquisitions of Whitlenge, ProSource and Johnstown Wire Technologies. This was partially offset by the retirement of long-term debt at Automotive Industries with the proceeds from its Initial Public Offering. The table which follows shows the components of consolidated long-term debt, including the current portion, as at December 31, 1992 and 1991. The parent company has no debt.

CONSOLIDATED LONG-TERM DEBT

(\$millions)	1992	1991
Airline Catering	31.7	33.0
Courier Services	183.5	187.8
Foodservice Distribution	77.7	-
Automotive Products	117.1	141.5
Foodservice Equipment	46.1	16.4
Industrial Manufacturing	131.9	113.2
Parent Company	-	-
Subsidiary company debt held by Parent	(4.0)	(0.5)
Total	584.0	491.4

SHAREHOLDERS' EQUITY GROWS

Shareholders' equity at December 31, 1992 totalled \$329.6 million or \$13.44 per share, an increase in absolute amount from \$282.0 million, or \$14.39 per share, at the preceding year end. The additional funds raised in February 1992 through the Dividend Investment Rights Offering provided a major portion of this increase. The book value per share decreased as the exercise price per share under the Rights Offering was less than the book value per share at that time. During 1992 the company repurchased shares under its Normal Course Issuer Bid at less than average book value. This resulted in a net reduction to overall equity but a gain on the repurchases was included in contributed surplus. The consolidated statements of shareholders' equity included in the Consolidated Financial Statements show the changes in the components of equity for 1992 and 1991.

LIQUIDITY

At the end of 1992, the parent company and its subsidiaries had uncommitted cash and short-term investments in the total amount of \$83.6 million.

The debt agreements in place at most of the operating subsidiaries generally restrict the payment of dividends to the parent company. As long as individual operating companies are meeting the terms of their debt agreements, payments to the parent company of regular management fees are not restricted.

CAPITAL COMMITMENTS

Commitments outstanding at the end of 1992 for fixed-asset additions by the operating companies totalled \$16.3 million. The funding for these purchase commitments will be met through the use of available cash or unused lines of credit available within each operating company.

At December 31, 1992, the parent company had allocated \$19.0 million of funds for corporate investments. These funds have been set aside from the reported cash amount.

DIVIDENDS

Regular dividends declared in 1992 amounted to \$13.0 million (\$0.40 per share) compared to \$10.5 million (\$0.39 per share) in 1991. The total value of regular dividends increased during 1992 due to additional shares being issued in February 1992 under the Dividend Investment Rights Offering. The completion of the Rights Offering resulted in the issuance of an additional 7,560,475 of Subordinate Voting Shares.

In December 1991 Onex paid a Special Dividend at the rate of \$3.50 per Subordinate Voting Share, for a total of \$96.4 million (\$87.8 million net of the amount paid to an affiliated company). This Special Dividend followed the gain realized from the sale of Beatrice Foods. The Corporation has a policy whereby one-third of the after-tax gain from a sale or substantial reorganization of subsidiaries will normally be paid out to shareholders. This policy was established in order to allow shareholders to participate directly in Onex' gains. The \$3.50 Special Dividend per Subordinate Voting Share included the entire gain on the sale of Beatrice.

RISK ASSESSMENT

A number of business risks and uncertainties are common to some of our operating companies, and these will be reviewed in the paragraphs which follow. The risk factors that are specific to certain operating subsidiaries are reviewed in the Outlook section and in the reports on each company.

Diversification of investments by industry is a deliberate strategy and one that we believe reduces the risk associated with the effect of business cycles.

It is Onex' policy to maintain a debt-free parent company with an appropriate level of liquidity. We believe that this is an important factor in controlling risk because, as a holding company, Onex does not generally have guaranteed sources of meaningful cash flow.

Onex generally finances a large portion of its acquisitions with debt provided by third-party lenders that is non-recourse to Onex, the parent company. The debt is serviced and supported by the cash flow, profitability and assets of the acquired company. This financing structure gives Onex the potential, with attendant risk, to enhance its return on invested equity capital, and enables the Corporation to pursue a larger-scale investment program. Should the acquired company not generate sufficient profitability or cash flow to adequately service its debt, the recovery of Onex' equity investment in that subsidiary is at risk.

It should be noted as well that debt assumed by a subsidiary is non-recourse to Onex as well as to other Onex subsidiaries and acquisition partnerships. There are no cross-guarantees of debt between subsidiaries.

An equally important factor in risk management is to control, to the extent practicable, the impact of interest-rate fluctuations. It has been Onex' position to either fix the rate of interest or minimize the effect of interest-rate increases on the acquisition debt of operating companies at the time the debt is undertaken. This is accomplished through the use of debt at fixed interest rates, interest-rate swap agreements or financial contracts. At December 31, 1992 approximately 73% of Onex' consolidated long-term debt was at fixed rates. The risk inherent in such a strategy is that, should interest rates decline, the benefits of such declines may not be immediately obtainable or can be achieved only at the cost of penalties incurred to terminate existing arrangements.

ENVIRONMENTAL CONSIDERATIONS

The operating companies manage their businesses to achieve full compliance with all applicable environmental laws and regulations. The expenditure of funds will be necessary for the clean-up of certain environmental situations at the operating companies. These circumstances were generally identified prior to the acquisition of the operating companies and provisions for the estimated costs of the remedial work and related activities were established at

the time of acquisition. Based upon current information and existing laws and regulations, management believes that adequate provisions have been established for environmental remedial work. However, there is an inherent risk in manufacturing activities. Given changing environmental regulations, additional situations could be identified which may result in additional remedial work and associated costs.

SENSITIVITY TO CURRENCY FLUCTUATIONS

The majority of the subsidiary companies' operations are outside of Canada. Approximately 78% of consolidated revenues, 71% of consolidated assets and a net equity investment of \$182.5 million are in the United States. A one-cent decrease in the value of the Canadian dollar relative to the US dollar results in the book value of equity in operating US companies increasing by \$1.8 million and Onex' net earnings being increased by approximately \$0.2 million. Conversely, if the Canadian dollar appreciates by one-cent relative to the US dollar, our equity investments in US companies and earnings decrease in a similar manner. During 1992 the change in the average value of the Canadian dollar against the US dollar increased consolidated earnings by \$1.8 million.

SIGNIFICANT CUSTOMERS

Sky Chefs has significant business relationships with American Airlines in the areas of catering, administrative services and lease obligations under a new ten-year contract. In the years ended December 31, 1992 and 1991, the majority of Sky Chefs' sales were to American Airlines.

ProSource has a long-term, exclusive distribution agreement with Burger King Corporation to supply its company-owned restaurants. Sales under this agreement represent 20% of ProSource's revenues. Virtually all ProSource revenues are derived from franchised or company-owned Burger King restaurants.

Automotive Industries, Dura Mechanical and Johnstown America, by the nature of their industries, serve several major customers in their respective businesses, which account for a large portion of each company's sales. All other Onex operating companies have relatively diversified customer bases.

OUTLOOK

All of Onex' operating companies are affected to varying degrees by business cycles in their country of operation. In addition, there are industry-specific and company-specific uncertainties that may influence the results of each company in the foreseeable future. The following paragraphs summarize the factors that we presently believe may have a meaningful influence on the operating results of our subsidiaries during 1993.

Airline Catering

American Airlines, Sky Chefs' major customer, should continue to be one of North America's leading airlines. However, the profitability of domestic airlines such as American is likely to show only limited improvement in 1993 due to aggressive competition. Cost-cutting initiatives by airlines could result in reduced levels of food service.

While the new catering contract with American Airlines reduced Sky Chefs' operating earnings in the past year, Sky Chefs successfully initiated a three-year program to reduce its overhead and operating costs in order to improve profitability. Further programs designed to enhance operational efficiency are underway that should improve margins in 1993 and 1994.

Courier Services

The Canadian economy is expected to improve in 1993, although moderately. Purolator, which has the strength of market coverage, market share and economies of scale — as well as a leaner cost structure — should benefit from increased shipments.

The market for courier services in Canada is expected to remain very competitive, with market-share gains tied to pricing and consistently high service levels. Purolator was successful in 1992 in significantly improving service levels and winning a number of large accounts. While this should add some volume for Purolator in 1993, further productivity improvements and cost reductions will be necessary in order to achieve a meaningful level of profitability.

The Consolidated Balance Sheet of Onex includes the net assets of Purolator, on a consolidated basis, of \$66,176. Purolator is subject to financial and other covenants in its bank credit agreement. The lenders have waived Purolator's compliance with financial covenants throughout 1993 subject to their sole satisfaction with the company's operating performance, and achievement of its business plan or financial plan including mutually acceptable amendments to the existing bank credit agreement. The continuing support of its lenders is necessary to enable Purolator to realize the carrying value of its assets and satisfy its obligations in the normal course of business. The debt of Purolator is without recourse to Onex.

Foodservice Distribution

In 1993 ProSource Distribution will complete its first full year of ownership under Onex. Currently, the vast majority of its sales are to Burger King restaurants in the U.S. The success of Burger King in the market place directly affects ProSource's revenues and profits. The company believes that diversification of its revenue sources is essential for its long-term growth, and is undertaking aggressive programs to provide services to other restaurant chains at the same time it seeks to expand its business

with Burger King. In 1992 ProSource obtained its first non-Burger King customer, a regional fast-food chain specializing in Mexican food. In early 1993 the company signed an agreement to create a joint venture with a distributor in Mexico; the new company will hold exclusive rights to service Burger King restaurants in that country for seven years and is marketing its services to other limited-menu, fast-food restaurants in Mexico.

Automotive Products

Some improvement in the North American light vehicle industry is anticipated in 1993 as consumer confidence builds with strength in the economy. Automotive Industries is projecting increased volumes at its plants in the coming year due to the introduction of new vehicle models for which it produces parts, increased production of existing vehicles, and a full year of revenues from the two companies acquired in 1992. Revenue improvement at Dura Mechanical will be tied to a great extent to the overall level of light vehicle production in North America; this is due to the large number of different models for which Dura produces parts.

Further improvements in profitability at both Automotive Industries and Dura Mechanical will be at a lower rate than their increase in revenues in the coming year, due primarily to lower profit margins associated with recently negotiated contracts. Auto manufacturers in North America are continuing to consolidate their supplier base. As part of this process, the auto makers are requiring preferred suppliers to take a more active role in the design and engineering phase in return for future contracts. These additional costs are putting increased pressures on operating margins. As a result, Automotive Industries and Dura are continuing their efforts in manufacturing and engineering to reduce operating costs and increase the effectiveness of their customer service. In addition, both companies will actively seek add-on acquisitions that enhance their total capabilities to serve customers or reduce costs.

Foodservice Equipment

The North American foodservice equipment industry is tied to three factors: changing menus and formats, restaurant equipment replacement, and construction of new restaurants. If the economic environment improves in 1993, the industry expects to show some growth. Delfield will continue to benefit from menu and format changes by major chains such as K mart and Taco Bell. New trends in casual dining are also providing new sources of revenue for the company, particularly in customized products. The market for non-custom lines of food-storage refrigerators and freezers, which represents some 25% of the company's business, will remain price competitive.

Despite the weak European economic climate, Whitlence expects to continue to grow due to expansion on the Continent and the steady growth of fast-food restaurants, particularly in Eastern Europe. Earnings are expected to benefit from Whitlence's plant consolidation and sales growth.

Industrial Manufacturing

Construction markets in the United States are expected to show some growth in 1993, leading to marginally higher revenues for Dayton Superior. While commercial construction is unlikely to see sustainable growth until 1994 or even 1995, the company expects that revenues from spending on infrastructure such as airports, highways and bridges will continue to be very strong; this sector represented approximately half of Dayton Superior's revenues in the past year. Markets for commodity-type construction accessories will continue to be good, however, with margins again under pressure due to aggressive industry-wide pricing and low demand. Dayton Superior is in the process of restructuring its debt arrangements, as agreed with its current lender. This situation is reviewed in Note 6(c) to the Consolidated Financial Statements. A restructuring would re-establish the financial base for the company and result in lower debt costs in the years ahead.

Johnstown America had a strong order backlog at the beginning of 1993 that should allow the company to operate at close to production capacity during most of the year. The company anticipates that revenues will be higher in 1993. Nevertheless, the mix of rail cars being produced, and competitiveness in the pricing of contracts, will not result in a proportionate increase in profits.

Expectations for Johnstown Wire are that it will achieve only moderate levels of profitability during its initial year of operation and restructuring. Programs are to be introduced to broaden the company's customer base and increase its operating efficiency.

Parent Company

Onex, the parent company, expects to remain debt free and have a significant level of cash resources in the coming year. Acquisitions will continue to be evaluated and made where appropriate, either directly, through our existing operating companies, or by our industrial acquisition partnerships. Further investments may also be made in our operating companies to support the growth and competitive strategies of those businesses and to add to the long-term value of the Company.

The accompanying Consolidated Financial Statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of this Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies which management believes are appropriate for the Company, are described in Note 1 to the Consolidated Financial Statements.

The Board of Directors is responsible for reviewing and approving the Consolidated Financial Statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee of three non-management

Directors is appointed by the Board. The Audit Committee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Directors prior to the approval of the audited financial statements for publication.

Coopers & Lybrand, the Company's external auditors who are appointed by the shareholders, audited the Consolidated Financial Statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the Consolidated Financial Statements. Their report is set out below.



Ewout R. Heersink
Chief Financial Officer

February 24, 1993



Donald W. Lewtas
Director of Finance

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ONEX CORPORATION

We have audited the consolidated balance sheets of Onex Corporation as at December 31, 1992 and 1991 and the consolidated statements of earnings, shareholders' equity and changes in financial position for the years then ended. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.



Coopers & Lybrand
Chartered Accountants

Toronto, Canada
February 24, 1993

CONSOLIDATED BALANCE SHEETS

As at December 31 (in thousands of dollars)

	1992	1991
ASSETS		
<i>Current Assets</i>		
Cash and short-term investments	\$ 83,550	\$ 90,983
Accounts receivable	346,145	203,429
Inventories	145,851	68,277
	<u>575,546</u>	<u>362,689</u>
Property, plant and equipment (Note 4)	450,501	366,229
Goodwill and other assets (Note 5)	587,682	548,587
	<u>\$1,613,729</u>	<u>\$1,277,505</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Bank indebtedness	\$ 11,182	\$ 6,385
Accounts payable and accrued liabilities	440,476	307,429
Current portion of long-term debt and obligations under capital leases (of operating companies without recourse to Onex)	118,652	59,175
	<u>570,310</u>	<u>372,989</u>
Long-term debt (of operating companies without recourse to Onex) (Note 6)	466,938	433,711
Obligations under capital leases (Note 7)	40,646	37,828
Other liabilities	64,616	54,296
	<u>1,142,510</u>	<u>898,824</u>
Deferred income taxes	6,103	9,799
Minority interest	135,557	86,912
Shareholders' equity	329,559	281,970
	<u>\$1,613,729</u>	<u>\$1,277,505</u>
Commitments and contingencies Notes 6b and 14.		

Signed on behalf of the Board



Director



Director

C O N S O L I D A T E D S T A T E M E N T S O F E A R N I N G S

<i>Year ended December 31 (in thousands of dollars)</i>	1992	1991
<i>REVENUES</i>	<u>\$2,816,078</u>	<u>\$1,667,147</u>
<i>EARNINGS BEFORE THE UNDERNOTED ITEMS</i>	<u>\$ 161,779</u>	<u>\$ 129,611</u>
Depreciation	(47,950)	(35,064)
Amortization of goodwill and intangible assets	(18,240)	(20,241)
Interest expense (Note 9a)	(64,804)	(59,421)
Interest and other income (Note 9b)	13,903	13,035
Net gain on capital transactions of subsidiaries (Note 10)	2,957	-
<i>EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST</i>	<u>47,645</u>	<u>27,920</u>
Provision for income taxes (Note 11)	(22,805)	(12,670)
<i>EARNINGS BEFORE MINORITY INTEREST</i>	<u>24,840</u>	<u>15,250</u>
Minority interest in earnings of operating companies	(13,171)	(5,867)
<i>EARNINGS FROM CONTINUING OPERATIONS</i>	<u>11,669</u>	<u>9,383</u>
Gain on sale of investments (Note 3)	1,869	57,366
Loss from discontinued operations (Note 3)	-	(3,339)
<i>NET EARNINGS FOR THE YEAR</i>	<u>\$ 13,538</u>	<u>\$ 63,410</u>

40

Earnings per Subordinate Voting Share are reported in Note 12.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>(in thousands of dollars except per share data)</i>	<i>Share capital (Note 8)</i>	<i>Retained earnings (deficit)</i>	<i>Contributed surplus (Note 8)</i>	<i>Cumulative translation adjustment</i>	<i>Total shareholders' equity</i>
BALANCE DECEMBER 31, 1990	\$349,927	\$ 4,500	\$ 2,905	\$ (7,162)	\$ 350,170
Purchase of shares	(41,029)		7,365		(33,664)
Dividends declared:					
Regular dividends		(10,468)			(10,468)
Special Dividend		(87,848)			(87,848)
Currency translation adjustment				370	370
Net earnings for the year		63,410			63,410
BALANCE DECEMBER 31, 1991	308,898	(30,406)	10,270	(6,792)	281,970
Purchase of shares	(15,690)		6,195		(9,495)
Issue of shares	35,742				35,742
Dividends declared:					
Regular dividends		(12,998)			(12,998)
Currency translation adjustment				20,802	20,802
Net earnings for the year		13,538			13,538
BALANCE DECEMBER 31, 1992	<u>\$328,950</u>	<u>\$ (29,866)</u>	<u>\$ 16,465</u>	<u>\$ 14,010</u>	<u>\$ 329,559</u>

41

DIVIDENDS DECLARED PER SUBORDINATE SHARE:

Regular dividends	\$0.40	(1991 - \$0.39)
Special Dividend	-	(1991 - \$3.50)

BOOK VALUE PER SUBORDINATE VOTING SHARE: \$13.44 (1991 - \$14.39)

CONSOLIDATED STATEMENTS OF CHANGES
IN FINANCIAL POSITION

<i>Year ended December 31 (in thousands of dollars)</i>	1992	1991
OPERATING ACTIVITIES		
Earnings from continuing operations	\$ 11,669	\$ 9,383
Items not affecting cash:		
Depreciation	47,950	35,064
Amortization of goodwill and intangible assets	18,240	20,241
Minority interest in earnings of operating companies	13,080	5,776
Net gain on capital transactions of subsidiaries (Note 10)	(2,957)	-
Other	6,682	2,127
	<u>94,664</u>	<u>72,591</u>
Decrease in other non-cash working capital items related to operations	<u>6,503</u>	<u>36,190</u>
	<u>101,167</u>	<u>108,781</u>
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	4,797	(6,645)
Issuance of long-term debt	24,147	-
Decrease in long-term debt	(141,171)	(18,544)
Issue (repurchase) of capital stock, net (Note 8)	26,248	(33,664)
Cash dividends paid	(12,149)	(98,095)
Net proceeds on capital transactions of subsidiaries	65,817	-
Other financing activities	(1,434)	(7,824)
	<u>(33,745)</u>	<u>(164,772)</u>
INVESTING ACTIVITIES		
Acquisition of operating companies, net of cash of acquired companies of \$3,674 (1991 - \$2,707) (Note 2)	(31,345)	(10,562)
Purchase of property, plant and equipment	(45,587)	(64,004)
Cash on sale of operating companies (Note 3)	-	98,517
Net decrease in other assets	<u>2,077</u>	<u>5,554</u>
	<u>(74,855)</u>	<u>29,505</u>
DECREASE IN CASH FOR THE YEAR	<u>(7,433)</u>	<u>(26,486)</u>
CASH - BEGINNING OF THE YEAR	<u>90,983</u>	<u>117,469</u>
CASH - END OF YEAR	<u>\$ 83,550</u>	<u>\$ 90,983</u>

Cash is comprised of cash and short-term investments.

(in thousands of dollars except per share data)

Onex Corporation ("Onex") is a diversified company whose subsidiaries operate as autonomous businesses. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

I. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The consolidated financial statements include the accounts of the Company, all its subsidiaries and the indirect interest in Sky Chefs, Inc.

Continuing operations

The principal continuing operating companies and the respective ownership interests at December 31, 1992 are as follows: Sky Chefs, Inc. - 83%; ProSource Distribution Services - 82%; Purolator Courier Ltd. - 78%; Dayton Superior Corporation - 85%; Automotive Industries, Inc. - 35%; Dura Mechanical Components, Inc. - 80%; The Delfield Company - 48%; Johnstown America Corporation - 54%; Whitlence Drink Equipment Limited - 86%; and Johnstown Wire Technologies, Inc. - 58%.

Discontinued operations

The results of discontinued operations have been reported in the consolidated statement of earnings under the caption "Loss from discontinued operations".

b) Significant Accounting Policies

Inventories

Inventories are recorded at the lower of cost and net realizable value. For substantially all inventories, cost is determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets: 10 to 40 years for buildings and 2 to 15 years for machinery and equipment. The cost of plant and equipment is reduced by applicable investment tax credits.

Leasehold improvements are depreciated over the terms of the leases.

Leases that transfer substantially all the risks and benefits of ownership are recorded as capital leases. Buildings under capital leases are depreciated over the terms of the leases, which vary from 11 to 31 years. Equipment under

capital leases is depreciated over the shorter of the term of the lease or the estimated useful life of the equipment. Depreciation of assets under capital leases is on a straight-line basis.

Foreign currency translation

The Company's foreign operations, other than those which are investment holding subsidiaries, are considered to be self-sustaining operations. Assets and liabilities of the self-sustaining foreign operations are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates for the year. Gains or losses on translation of self-sustaining foreign operations are shown as a separate component in shareholders' equity.

The cumulative translation adjustment in shareholders' equity represents the net unrealized foreign currency translation gain (loss) on the Company's net investment in self-sustaining operations in the United States and the United Kingdom.

Post-retirement health-care and life benefits

The Company expenses post-retirement health-care and life benefits when they are funded to the insurance carrier.

Intangible assets

Intangible assets are recorded at the date of acquisition of operating companies at their allocated cost. Amortization is provided for all intangible assets over the estimated useful lives of the assets.

Goodwill

Goodwill is amortized on a straight-line basis principally over 40 years.

2. CORPORATE INVESTMENTS

1992 Acquisitions

Whitlence Drink Equipment

In April 1992 the Company acquired an 86% interest in Whitlence Drink Equipment Limited ("Whitlence"). Whitlence is the leading U.K. manufacturer of soft-drink dispensing and beer-cooling and dispensing equipment. The total purchase price was \$15,497. Onex invested \$1,783 of a total common equity of \$2,066. The balance of the purchase price was provided by third-party debt and preferred share financing of Whitlence which is without recourse to Onex. An agreement exists with certain of the other shareholders in Whitlence whereby Onex' interest in the earnings in excess of a prescribed rate of return is allocated 80% to Onex and the balance to the other shareholders.

ProSource Distribution Services

In June 1992 Onex acquired from Burger King Corporation certain assets and assumed certain liabilities of Burger King Distribution Services, forming a new company which operates as ProSource Distribution Services ("ProSource"). The company is in the specialty foodservice distribution business, servicing primarily multi-unit, fast-food restaurant customers throughout the United States.

The total purchase price was \$140,811. Onex invested \$21,986 of a total common equity of \$26,857 for an initial 82% equity ownership interest. The balance of the purchase price was funded by third-party lenders and a subordinated note payable to the vendor which is without recourse to Onex. Onex received a US \$2,500 subordinated convertible note of the company as part of completing the acquisition.

Johnstown Wire Technologies

In December 1992 the Company acquired certain assets and assumed certain liabilities of Bethlehem Steel Corporation's wire mill in Johnstown, Pennsylvania and formed a new company, Johnstown Wire Technologies, Inc. Onex initially invested \$2,212 of the total equity of \$3,818 for a 58% ownership interest in the company. The total purchase price was \$15,942 with the balance of the funding being provided by third-party lenders without recourse to Onex. The wire mill produces a variety of steel, zinc and aluminum wire, bar and rod products.

Plasta Fiber Industries and Cellasto Plastics

In February 1992 Automotive Industries acquired Plasta Fiber Industries, a manufacturer of sun visors and die-cut insulating products for automobile manufacturers and, in July 1992, acquired Cellasto Plastics, a manufacturer of automobile interior trim components. The total purchase price for both acquisitions was \$9,038 and was financed through the existing cash and credit facilities of Automotive Industries.

The results of operations of Whitlenge, ProSource, Johnstown Wire Technologies, Plasta Fiber and Cellasto Plastics are included in the consolidated earnings of the Company from their respective dates of acquisition. Details of the 1992 transactions, which were all accounted for as purchases, are as follows:

	Whitlenge Linear Equipment	ProSource Distribution Services	Johnstown Wire Technologies	Plasta Fiber and Cellasto Plastics
Identifiable assets acquired	\$ 11,083	\$181,033	\$ 17,399	\$ 18,953
Goodwill	7,129	5,454	-	1,818
	18,212	186,487	17,399	20,771
Debt assumed	(134)	-	-	(4,800)
Acquisition financing	(13,431)	(113,954)	(12,124)	-
Other liabilities	(2,581)	(45,676)	(1,457)	(6,933)
	2,066	26,857	3,818	9,038
Minority interest in net assets	(283)	(4,871)	(1,606)	-
Interest in net assets acquired	\$ 1,783	\$ 21,986	\$ 2,212	\$ 9,038

1991 Acquisitions

Delfield

In May 1991 the Company acquired a 79% interest in The Delfield Company ("Delfield"). Delfield is a leading producer of commercial foodservice equipment for all segments of the North American foodservice industry. The total purchase price for 100% of Delfield was \$32,119, of which Onex invested \$4,381 of a total initial common equity of \$5,165. The balance of this purchase price was funded by third-party debt and preferred share financing of Delfield, which is without recourse to Onex. The preferred shares are convertible to common equity of Delfield, which, if fully exercised, could dilute Onex' ownership interest to 60% from 79%. An agreement exists with certain of the other shareholders in Delfield whereby Onex' interest in the earnings in excess of a prescribed rate of return are allocated 66% to Onex and the balance to the other shareholders.

Johnstown America

In October 1991 Onex acquired certain assets and liabilities of the Freight Car Division of Bethlehem Steel for a total cost of \$62,698 and created a new company, Johnstown America Corporation ("Johnstown America"). The company manufactures railroad freight cars, coal-carrying gondolas and hopper cars. Onex invested \$8,888 for an initial 54% common equity interest. The balance of the financing was provided by third-party lenders without recourse to Onex. There are provisions attached to the financing entitling the lenders to acquire common equity of Johnstown America which, if fully exercised, could dilute Onex' equity ownership interest in Johnstown America to 49% from 54%, but its voting interest would remain above 50%.

The results of operations of Delfield and Johnstown America are included in the consolidated earnings of the Company from their respective dates of acquisition. Details of the 1991 transactions, which were both accounted for as purchases, are as follows:

	<i>Delfield Company</i>	<i>Johnstown America</i>
Identifiable assets acquired	\$ 49,032	\$ 87,464
Goodwill	-	8,631
	49,032	96,095
Debt assumed	(5,309)	-
Acquisition financing	(26,954)	(44,682)
Other liabilities	(11,604)	(33,397)
	5,165	18,016
Minority interest in net assets	(784)	(9,128)
Interest in net assets acquired	\$ 4,381	\$ 8,888

3. SALE IN 1991 OF BEATRICE FOODS AND DISCONTINUED OPERATIONS

Effective November 26, 1991 the Company sold its interest in Beatrice Foods for cash proceeds of \$98,517 which resulted in a net gain of \$57,366.

In December 1991 a formal plan was adopted to dispose of Southwest Dining Services, Inc., the non-airline catering operation of Sky Chefs. This business was sold in November 1992 for a net gain of \$1,869.

The operating results of Beatrice Foods and Southwest Dining Services, Inc., up to their effective dates of disposition, have been reported in the 1991 consolidated statement of earnings under the caption "Loss from discontinued operations".

The 1991 results of the discontinued operations, Beatrice Foods and Southwest Dining Services, are summarized below:

<i>STATEMENT OF EARNINGS</i>	1991
Revenues	\$773,165
Earnings before the undernoted	\$ 64,267
Depreciation	(23,852)
Interest expense	(33,970)
Income taxes	(7,712)
Minority interest	(121)
Onex' share of net loss	(1,388)
Provision for operating losses of Southwest Dining Services, Inc. until sale	(1,951)
	\$ (3,339)

4. PROPERTY, PLANT AND EQUIPMENT

	1992	1991
Land and buildings	\$248,178	\$201,615
Machinery and equipment	360,329	269,246
Construction-in-progress	8,847	9,333
	617,354	480,194
Less: Accumulated depreciation	166,853	113,965
	\$450,501	\$366,229

The above amounts include \$35,606 (1991 - \$32,124) of property, plant and equipment under capital leases and accumulated depreciation of \$14,704 (1991 - \$10,772) related thereto.

5. GOODWILL AND OTHER ASSETS

	1992	1991
Prepaid employee benefits costs	\$ 43,039	\$ 36,107
Lease agreements of Sky Chefs, net of accumulated amortization	17,205	16,963
Goodwill, net of accumulated amortization	455,851	421,951
Other, including funds allocated for specific investments (Note 14)	71,587	73,566
	\$587,682	\$548,587

6. LONG-TERM DEBT OF OPERATING COMPANIES WITHOUT RECOURSE TO ONEX

	1992	1991
(a) SKY CHEFS (repayable in US dollars)		
Available term credit facilities up to US \$26,384 (1991 - US \$30,000)	\$ -	\$ -
9.5% subordinated note due 1993 - 1996	30,273	28,888
Other	1,409	4,100
	31,682	32,988
PUROLATOR COURIER (Note 6(b))		
Available term credit facilities up to \$30,300 (1991 - \$26,300) due 1993; interest at 8.7% (1991 - 10.5%)	19,300	26,300
Class A preferred shares	125,000	125,000
Subordinated notes due 1997; interest at 12.1% (1991 - 10.7%)	37,634	35,050
Other	1,524	1,434
	183,458	187,784
DAYTON SUPERIOR (Note 6(c)) (repayable in US dollars)		
Available term credit facilities up to US \$7,500 (1991 - US \$7,500) due 1993 to 1996; interest at 7.2% (1991 - 9.6%)	8,896	4,620
13.25% (1991-13%) senior promissory notes due 1993-1996	43,817	39,580
13.75% (1991-13.5%) senior subordinated promissory notes due 1997-1999	24,864	22,511
10% junior subordinated notes due 1998-2001	3,406	2,919
	80,983	69,630

	1992	1991
AUTOMOTIVE INDUSTRIES (repayable in US dollars)		
Available term credit facilities up to US \$45,000 (1991 - US \$30,000) due 1997; interest at 7.4% (1991 - 10.4%)	-	4,044
9.5% junior subordinated notes due 2001	36,430	-
8.75% senior subordinated notes due 1998-2000	52,107	-
Senior term loan due 1993-1997; interest at 10.8% (1991 - 10.8%)	-	74,566
14% senior subordinated notes due 1998-2000	-	47,376
Other	3,813	-
	<u>92,350</u>	<u>125,986</u>
DURA MECHANICAL (repayable in US dollars)		
Available term credit facilities up to US \$25,000 (1991 - US \$19,500) due 1993-1995; interest at 7.9% (1991 - 10.3%)	24,709	15,510
DELFIELD (repayable in US dollars)		
Available term credit facilities up to US \$13,000 (1991 - US \$13,000) due up to 1997; interest at 7.8% (1991 - 10.6%)	9,278	3,124
Term loan due 1996; interest at 8.0%	17,793	-
Term loan due 1997; interest at 8.5%	6,355	-
14% subordinated note due 1999	-	8,089
Industrial revenue bonds, due 1994-2006; interest at 4.0% (1991 - 5.5%)	5,573	5,223
	<u>38,999</u>	<u>16,436</u>
JOHNSTOWN AMERICA (repayable in US dollars)		
Available term credit facilities up to US \$30,000 (1991 - US \$30,000)	-	-
Senior note, due 1993-1996; interest at 9.7% (1991 - 10.0%)	15,232	17,333
15% senior subordinated notes due 1998-2000	20,157	19,085
14% senior note due 1996-1997	8,896	7,166
	<u>44,285</u>	<u>43,584</u>
PROSOURCE DISTRIBUTION SERVICES (Note 6(d)) (repayable in US dollars)		
Available term credit facility up to US \$86,000, due up to 1997; interest at 8.3%	35,940	-
10% subordinated note due 1995-2002	38,409	-
10% subordinated convertible note due 2002	3,336	-
	<u>77,685</u>	-
WHITLENGE DRINK EQUIPMENT (repayable in British pounds sterling)		
Term credit facility up to £5,000 due 1993-1997; interest at 12.7%	7,120	-
JOHNSTOWN WIRE TECHNOLOGIES (repayable in US dollars)		
Available term credit facility up to US \$3,000 due 1993-2000; interest at 7.0%	3,813	-
Non-interest-bearing subordinated note due 1997	1,576	-
Other	1,271	-
	<u>6,660</u>	-

	1992	1991
LESS THE FOLLOWING:		
Subordinated debt held by Onex (Note 6d)	(3,951)	(514)
	<u>583,980</u>	<u>491,404</u>
Current portion of long-term debt of operating companies	(39,465)	(57,693)
Reclassification of Dayton Superior long-term debt (Note 6c)	(77,577)	-
Consolidated long-term debt of operating companies without recourse to Onex	<u>\$466,938</u>	<u>\$433,711</u>

The current portion of long-term debt and reclassified debt are also without recourse to Onex.

Substantially all the assets of each subsidiary company, other than Sky Chefs, have been pledged as security under their debt arrangements.

The financing arrangements for each operating company contain certain restrictive covenants, including limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending or the sale of assets. In addition, certain financial covenants must be maintained by each of the operating companies.

b) The Consolidated Balance Sheet of Onex includes the net assets of Purolator, on a consolidated basis, of \$66,176. Purolator is subject to financial and other covenants in its bank credit agreement. The lenders have waived Purolator's compliance with financial covenants throughout 1993 subject to their sole satisfaction with the company's operating performance, and achievement of its business plan or financial plan including mutually acceptable amendments to the existing bank credit agreement. The continuing support of its lenders is necessary to enable Purolator to realize the carrying value of its assets and satisfy its obligations in the normal course of business. The debt of Purolator is without recourse to Onex.

On February 14, 1991 Onex purchased, under a rights offering of Purolator Courier, notes convertible into common shares of the company. The total amount raised by the rights offering was \$10,000, of which Onex invested \$8,000. On April 5, 1991 these notes and the accrued interest thereon were converted into common shares. The same shareholders purchased additional common shares for \$10,000, of which Onex' portion was \$8,000. Onex' ownership interest in Purolator Courier was reduced to 80% from 82% as a result of these transactions.

On May 22, 1991 Purolator Courier issued \$125,000 Class A preferred shares to essentially the same lenders of the term credit facility and reduced the debt outstanding to the lenders by the same amount. The shares are non-voting, redeemable from 1992 to 1996, retractable and carry a variable cumulative dividend at the rate of 71% of prime. These preferred shares have been classified as debt and the dividend payments thereon have been included in interest expense.

c) Dayton Superior is in the process of restructuring its debt arrangements, as agreed with its current lender. Completion of the restructuring is dependent upon putting in place a new lending facility and an additional equity investment in the company of US \$4,000 by the shareholders. Should the restructuring not be completed, the company would not likely be able to meet the covenants on its existing debt arrangements through 1993 and accordingly, debt in the amount of \$77,577 has been reclassified as current. The debt is without recourse to Onex. The carrying value of the net assets of Dayton Superior in these consolidated financial statements is \$2,344.

d) The 10% subordinated convertible note in the amount of US \$2,500 is held by Onex. Interest on the note is compounded annually and is capitalized and payable in 2002. The note and accrued interest may be converted into shares of ProSource by Onex at any time.

e) The annual repayment requirements for the next five years on the long-term debt, including the 1993 reclassification of debt, are as follows:

1993 - Scheduled repayments	\$ 39,465
- Dayton Superior debt reclassified	\$ 77,577
1994	\$ 41,423
1995	\$ 73,201
1996	\$111,797
1997	\$ 86,664

Certain operating subsidiaries may be required to make prepayments on their debt based upon the generation of excess cash flow as defined.

Certain operating subsidiaries utilize interest rate swap agreements to effectively establish fixed interest rates or enter into interest rate contracts which cap the interest rates on their term credit facilities.

7. LEASE COMMITMENTS

The future minimum lease payments of operating companies are as follows:

		Capital Leases	Operating Leases
For the year:	1993	\$ 11,908	\$ 61,949
	1994	5,407	41,850
	1995	5,231	34,921
	1996	6,076	27,397
	1997	3,775	23,785
	Thereafter	71,928	185,200
Total future minimum lease payments		104,325	\$375,102
Less: imputed interest		62,069	
Balance of obligations under capital leases		42,256	
Less: current portion		1,610	
Long-term obligations under capital leases		\$ 40,646	

8. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

(i) 100,000 Multiple Voting Shares which are entitled to elect 60% of the Company's directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. These shares are also entitled to a stock dividend in the form of Subordinate Voting Shares based on 20% of the annual increase in the fair value of the Company's net assets, as described in Note 17 and the schedules thereto, and with certain limitations to 20% of the aggregate cash and other dividends payable on the Multiple and Subordinate Voting Shares. The stock dividend is subject to a cumulative restriction so that if a diminution in fair value of the net assets of the Company occurs in any year, no further stock dividend will arise until the reduction in value is eliminated. The Multiple Voting Shares have no entitlement to a distribution on winding-up or dissolution other than for a payment of their nominal paid-up value and any declared but unpaid cash dividends and other dividends, and accrued stock dividends.

(ii) An unlimited number of Subordinate Voting Shares which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights, to elect 40% of the directors, and to appoint the auditors. These are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding-up and to any declared but unpaid cash dividends. The shares are entitled to 80% of the aggregate cash dividends payable on the Multiple and Subordinate Voting Shares.

The Multiple Voting Shares and Subordinate Voting Shares are subject to provisions whereby, if an event of change occurs (Mr. Schwartz ceasing to be Chief Executive Officer of Onex Corporation or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the directors and will otherwise cease to have any general voting rights. The Subordinate Voting Shares would then carry 100% of the general voting rights and be entitled to elect 80% of the directors.

(iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The directors are empowered to fix the rights to be attached to each series.

b) The Company issued 7,560,475 additional Subordinate Voting Shares during 1992 under a Dividend Investment Rights Offering for net proceeds of \$44,193. The unexercised Rights expired on February 28, 1992. During 1992, under the Dividend Reinvestment Plan, the Company issued 7,290 Subordinate Voting Shares at a total value of \$52.

In 1992 the Company repurchased under a Normal Course Issuer Bid and cancelled 1,222,500 (1991 - 1,117,874) of its Subordinate Voting Shares at a cost of \$9,495 (1991 - \$9,662) cash. The excess of the average paid-in amount of these shares over the purchase cost amounted to \$6,195 (1991 - \$7,365) and was credited to contributed surplus.

During 1992 a company consolidated in these financial statements, and which may be deemed to be an affiliate of the Company, purchased 1,441,000 (1991 - 2,213,100) Subordinate Voting Shares at a cost of \$8,502 (1991 - \$24,002) cash. The 1992 purchases were made under the Dividend Investment Rights Offering. The total number of shares held at December 31, 1992 by companies which may be deemed to be affiliates was 3,890,700 shares (December 31, 1991 - 2,449,700 shares). On consolidation, the December 31, 1992 and 1991 aggregate paid-in amount of the Subordinate Voting Shares has been reduced to reflect this ownership.

c) At December 31, 1992 the issued and outstanding share capital consisted of 100,000 (1991 - 100,000) Multiple Voting Shares of nominal paid-in value and 28,384,625 (1991 - 22,039,360) Subordinate Voting Shares with a paid-in amount of \$364,256 (1991 - \$335,703). The number of issued and outstanding Subordinate Voting Shares is not reduced for the shares held by the company which may be deemed to be an affiliate.

9.a) INTEREST EXPENSE OF OPERATING COMPANIES

	1992	1991
Interest on long-term debt of operating companies	\$57,925	\$54,831
Interest on obligations under capital leases of operating companies	4,172	3,501
Other interest	2,707	1,089
	<u>\$64,804</u>	<u>\$59,421</u>

b) INTEREST AND OTHER INCOME

Included as other income in 1992 is a gain of \$4,887 resulting from debt and interest forgiven at a subsidiary company.

10. NET GAIN ON CAPITAL TRANSACTIONS OF SUBSIDIARIES

Gain on issue of shares by Automotive Industries (a)	\$11,746
Dividend paid to minority shareholders of Delfield in excess of their equity (b)	(8,789)
	<u>\$ 2,957</u>

a) In May 1992 Automotive Industries completed an Initial Public Offering of shares in the United States, resulting in net proceeds of \$82,297 (US \$68,783) to Automotive Industries and increasing the book value of its equity. Onex sold none of its holding of the shares of Automotive Industries in the Offering. While Onex' ownership percentage in the company was diluted from 69% to 35% as a result of the Offering, Onex' share of the book value of Automotive Industries increased by \$11,746, net of debt repayment fees of \$3,445. Onex retains voting control through agreements with certain shareholders of Automotive Industries.

b) In December 1992 Delfield paid a dividend in the amount of \$23,511 (US \$18,500) to its shareholders. Onex' share of the dividend was \$12,303.

The dividend paid by Delfield was in excess of that company's book value. For consolidation accounting purposes, the Delfield minority shareholders' portion of that excess must be charged through the controlling shareholder's consolidated earnings. That amounted to \$8,789. Future earnings of Delfield will be allocated for consolidation accounting purposes to the controlling interest until that charge is recovered.

Contemporaneously with the dividend payment, Onex' ownership interest in Delfield was reduced from 79% to 48%. This was a result of share warrants of Delfield issued at the time of acquisition to the original lender being exercised and shares issued to certain shareholders of the company based on their achieving success targets as set in the original acquisition agreements. Onex continues to hold voting control of the company through agreements with certain shareholders of Delfield.

11. INCOME TAXES

The provision for income taxes differs from the provision computed at the statutory rates as follows:

	1992	1991
Income taxes computed at Canadian combined federal and provincial statutory rates	\$20,964	\$12,285
Effect of lower U.S. rates	(2,352)	(1,691)
Amortization of non-deductible items	2,435	4,290
Utilization of tax-loss carry-forwards	(261)	(3,030)
Losses of which the benefit has not been recorded	6,621	968
Other	(4,602)	(152)
	<u>\$22,805</u>	<u>\$12,670</u>

The Company and its investment holding subsidiaries have tax-loss carry-forwards of approximately \$29,000 available to reduce future income taxes to 1999. A Canadian operating subsidiary has tax-loss carry-forwards of approximately \$43,000 available to reduce future income taxes of that company in Canada to 1997. The benefit of the tax-loss carry-forwards has not been reflected in these consolidated financial statements.

12. EARNINGS PER SUBORDINATE VOTING SHARE

Under the Articles of the Company, and as described in Note 8, the Multiple Voting Shares are entitled to a stock dividend based on 20% of the annual increase in the fair value of the Company's net assets, as defined. The Multiple Voting Shares are also entitled to dividends equal to 20% of the aggregate cash dividends payable on the Multiple and Subordinate Voting Shares. The earnings per Subordinate Voting Share are determined after deducting the dividends attributable to the Multiple Voting Shares because the latter are deemed to be a senior security.

Earnings per Subordinate Voting Share for 1991 have been presented before and after the effect of the Special Dividend at the rate of \$3.50 per Subordinate Voting Share paid in December 1991. This additional disclosure is made to provide information on the impact on earnings per Subordinate Voting Share in 1991 if the Special Dividend had not been paid.

Earnings (Loss) per Subordinate Voting Share	1992		1991	
	<i>Continuing Operations</i>	<i>Net Earnings</i>	<i>Continuing Operations</i>	<i>Net Earnings</i>
Before effect of Special Dividend	\$ 0.36	\$ 0.44	\$ 0.34	\$ 2.89
Effect of Special Dividend	-	-	(0.91)	(0.91)
After effect of Special Dividend	<u>\$ 0.36</u>	<u>\$ 0.44</u>	<u>\$(0.57)</u>	<u>\$ 1.98</u>

The potential conversion of warrants and share purchase options of the operating companies would reduce the earnings per share or increase the loss per share on a fully-diluted basis by \$0.06 (1991-\$0.05).

The calculation of earnings per share is based upon the weighted average number of 24,129,000 (1991 - 21,217,000) Subordinate Voting Shares outstanding during the year.

13. SIGNIFICANT CUSTOMERS OF SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

Sky Chefs has significant business relationships with American Airlines in the areas of catering, administrative services and lease obligations under a long-term contract which currently expires in December 2001.

ProSource has an exclusive seven-year distribution agreement with Burger King Corporation to supply its company-owned restaurants. Revenues under this agreement represented approximately 20% of ProSource's revenues. Virtually all of ProSource's revenues are attributable to Burger King Corporation-owned and franchisee-owned Burger King restaurants.

Automotive Industries, Dura Mechanical and Johnstown America, by the nature of their industries, serve several major customers in their respective businesses, which account for a large portion of the companies' sales.

14. COMMITMENTS AND CONTINGENCIES

a) The Company has allocated cash and short-term investments in the total amount of approximately \$19,000 in respect of corporate investments. Funds for these have been included in other assets.

b) The Company has given a guarantee of approximately \$17,000 relative to the representations provided with the sale of Beatrice Foods. The guarantee expires in 1993 and the Company does not expect a claim on this to be made.

c) The estimated total cost to complete approved capital projects of the operating companies at December 31, 1992 is approximately \$16,300.

d) Outstanding letters of credit of the operating companies amount to \$36,847 at December 31, 1992. The letters of credit form part of the operating bank credit lines of the companies. Floating charge debentures on the companies' assets and a pledge of assets form part of the security for these bank credit lines.

e) Sky Chefs remains contingently liable on certain leases for concession locations sold. The total contingent liability under these leases to 1996 amounts to approximately US \$11,900. Sky Chefs is indemnified by the purchaser for any amount paid under these leases.

f) In the ordinary course of business, the operating subsidiary companies become subject to legal claims. The ultimate resolution of known claims would not have a material adverse impact on the consolidated financial results.

15. PENSION PLANS

The operating companies have various pension plans that cover substantially all employees. At December 31, 1992 the aggregate present value of accumulated pension benefits for accounting purposes is estimated to be \$114,200 (1991 - \$83,900). The aggregate market-related value of the pension fund assets available to provide for those benefits as of December 31, 1992 is \$119,360 (1991 - \$99,250).

16. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENT

Continuing Operations

1992	Airline Catering	Courier Services	Foodservice Distribution	Automotive Products	Foodservice Equipment	Industrial Manufacturing	Parent Company	Consolidation Adjustments	Consolidated Total
Revenues	\$563,961	\$552,804	\$761,696	\$481,137	\$118,655	\$333,476	\$ 4,349	\$ -	\$2,816,078
Earnings before certain items	35,170	20,399	11,891	63,113	16,123	18,336	(3,253)	-	161,779
Depreciation	(15,148)	(11,360)	(3,040)	(11,521)	(1,538)	(4,845)	(498)	-	(47,950)
Amortization of goodwill and intangibles	(2,379)	(4,821)	(1,160)	(3,865)	(524)	(4,047)	(1,444)	-	(18,240)
Interest expense	(10,756)	(18,055)	(3,893)	(12,553)	(2,907)	(16,840)	(28)	228	(64,804)
Interest and other income	1,264	4,916	107	114	360	32	7,338	(228)	13,903
Net gain on capital transactions of subsidiaries	-	-	-	-	-	-	2,957	-	2,957
Earnings (loss) before income taxes and minority interest	8,151	(8,921)	3,905	35,288	11,514	(7,364)	5,072	-	47,645
Total assets	305,283	334,476	187,521	366,825	76,184	242,461	104,930	(3,951)	1,613,729
Long-term debt ⁽¹⁾	23,957	167,455	75,525	115,534	41,424	46,994 ⁽²⁾	-	(3,951)	466,938
Capital expenditures	\$ 15,571	\$ 9,172	\$ 2,359	\$ 13,941	\$ 952	\$ 2,712	\$ 880	\$ -	\$ 45,587

50

1991	Airline Catering	Courier Services	Foodservice Distribution	Automotive Products	Foodservice Equipment	Industrial Manufacturing	Parent Company	Consolidation Adjustments	Consolidated Total
Revenues	\$535,540	\$560,242	\$ -	\$377,426	\$57,898	\$134,911	\$ 1,130	\$ -	\$1,667,147
Earnings before certain items	38,172	32,189	-	46,234	6,492	13,288	(6,764)	-	129,611
Depreciation	(11,743)	(10,777)	-	(8,727)	(634)	(2,669)	(514)	-	(35,064)
Amortization of goodwill and intangibles	(7,687)	(4,821)	-	(4,202)	(361)	(2,028)	(1,142)	-	(20,241)
Interest expense	(8,566)	(20,275)	-	(18,387)	(1,878)	(10,771)	(71)	527	(59,421)
Interest and other income	2,437	-	-	574	46	73	10,432	(527)	13,035
Earnings (loss) before income taxes and minority interest	12,613	(3,684)	-	15,492	3,665	(2,107)	1,941	-	27,920
Total assets	295,046	337,097	-	307,310	47,539	190,223	100,804	(514)	1,277,505
Long-term debt ⁽¹⁾	26,444	151,784	-	130,568	15,694	109,735	-	(514)	433,711
Capital expenditures	\$ 38,016	\$ 13,137	\$ -	\$ 10,477	\$ 828	\$ 1,367	\$ 179	\$ -	\$ 64,004

(1) Long-term debt amounts exclude capital leases and the current portion of long-term debt.

(2) Excludes \$77,577 of Dayton Superior debt reclassified as current.

GEOGRAPHIC SEGMENTS

The Company operates in the geographical areas of Canada, the United States and the United Kingdom. The courier services segment operates entirely in Canada. The balance of the segments operate primarily in the United States.

17. SUPPLEMENTARY INFORMATION - FAIR VALUE OF INVESTMENTS AND STOCK DIVIDEND

The holders of the Multiple Voting Shares are entitled to a special annual stock dividend in the form of Subordinate Voting Shares based on 20% of the annual increase in the fair value of the Company's net assets and the net assets of the Company's wholly-owned investment holding subsidiaries, excluding certain capital transactions such as share issues and repurchases. The annual stock dividend is subject to a cumulative restriction so that if a diminution in fair value of the net assets of the Company and its wholly-owned investment holding subsidiaries occurs in any year, no further stock dividend will arise until the reduction in value has been eliminated. The cumulative reduction in fair value for stock dividend purposes at December 31, 1992 was \$135,257 (December 31, 1991 - 280,491).

As additional information, schedules of changes in the fair value of net assets and equity investments in operating companies are included, which detail the change in fair value of net assets. These schedules have been prepared on a basis under which the investments in operating companies are determined at their fair values, where fair value is defined as the value at which an informed buyer and seller dealing at arms' length would agree to purchase and sell an investment. For the purposes of determining net assets at fair value, income less expenses includes the net income, on a non-consolidated basis, of Onex Corporation and its wholly-owned investment holding subsidiaries, excluding realized and unrealized gains on investments in operating companies. For the determination of the tax provision on the unrealized gain, the benefit of unrealized tax losses is used to reduce taxes otherwise payable on unrealized taxable gains. Dividends and other distributions from operating companies are recorded at the date of declaration and are included in income less expenses for the year.

SCHEDULE OF CHANGES IN FAIR VALUE OF NET ASSETS - SCHEDULE 1

<i>Year ended December 31, (in thousands of dollars except per share data)</i>	1992	1991
NET ASSETS AT FAIR VALUE - BEGINNING OF YEAR	\$ 295,164	\$ 418,537
Non-consolidated income less expenses for the year	1,528	1,544
Realized gain on investment in operating companies, net of related income taxes	14,664	68,903
Increase (decrease) in unrealized gain on investment in operating companies, net of related income taxes	142,659	(77,160)
Dividends paid:		
Regular	(13,617)	(10,575)
Special	-	(96,422)
Increase (decrease) in fair value of net assets before capital transactions	145,234	(113,710)
Shares issued	44,245	-
Cost of shares repurchased	(9,495)	(9,663)
TOTAL INCREASE (DECREASE) IN FAIR VALUE OF NET ASSETS FOR THE YEAR	179,984	(123,373)
NET ASSETS AT FAIR VALUE - END OF YEAR	\$ 475,148	\$ 295,164
NET ASSETS AT FAIR VALUE PER SUBORDINATE VOTING SHARE	\$ 16.74	\$ 13.39

52

NET ASSETS AT FAIR VALUE REPRESENTED BY - SCHEDULE 2

<i>As at December 31, (in thousands of dollars)</i>	1992	1991
Cash and short-term investments	\$ 68,127	\$ 48,606
Equity investment in operating companies at cost		
Sky Chefs	58,405	57,303
Purolator Courier	80,979	80,979
ProSource Distribution Services	21,986	-
Automotive Industries	22,802	23,073
Dura Mechanical	2,780	3,303
Delfield Company	4,381	4,381
Whitlenge Drink Equipment	1,801	-
Dayton Superior	9,957	9,957
Johnstown America	8,888	8,888
Johnstown Wire Technologies	2,212	-
Total investment in operating companies at cost	214,191	187,884
Preferred shares of Ball Packaging Holdings	25,559	25,559
Total investments at cost	239,750	213,443
Unrealized gain, net of related income taxes	143,385	728
Equity investment at fair value	383,135	214,171
Investment in subordinated debt		
of operating companies at principal amount	3,951	514
Notes and accounts receivable	3,217	4,597
Other assets (net)	16,718	27,276
NET ASSETS AT FAIR VALUE	\$475,148	\$295,164

The unrealized gain is calculated on equity ownership after appropriate dilution impact of warrants and options. Equity ownership with such dilution is as follows: Sky Chefs 67% (1991 - 66%); ProSource 77%; Purolator Courier 78% (1991 - 80%); Dayton Superior 68% (1991 - 68%); Automotive Industries 31% (1991 - 50%); Dura Mechanical 67% (1991 - 69%); Delfield 46% (1991 - 59%); Johnstown America 48% (1991 - 48%); Whitlenge 73%; and Johnstown Wire Technologies 58%.

As of March 1, 1993

DIRECTORS

Dan C. Casey
Chairman and Chief Executive Officer
Creson Corporation
Toronto, Ontario

Steven M. Cummings
President
Maxwell Cummings & Sons Holdings Ltd.
Montreal, Quebec

Donald H. Gales
Chairman of the Board
Beacon Capital Corporation
Toronto, Ontario

Serge Gouin
President and Chief Operating Officer
Le Groupe Videotron Ltee.
Montreal, Quebec

Brian M. King
Corporate Director
Toronto, Ontario

Robert M. MacIntosh
Corporate Director
Toronto, Ontario

J. William E. Mingo, Q.C.
Partner
Stewart McKelvey Stirling Scales
Halifax, Nova Scotia

Gerald N. Pencer
Chairman of the Board
Cott Corporation
Toronto, Ontario

Gerald W. Schwartz
Chairman of the Board
President and Chief Executive Officer
Onex Corporation
Toronto, Ontario

R. Geoffrey P. Styles
Corporate Director
Toronto, Ontario

Arni C. Thorsteinson, C.F.A.
President
Shelter Canadian Holdings Limited
Winnipeg, Manitoba

OFFICERS

ONEX CORPORATION

Gerald W. Schwartz
Chairman of the Board
President and Chief Executive Officer

Ewout R. Heersink
Vice President and Chief Financial Officer

Anthony R. Melman
Vice President

John L. Shortly
Vice President

John S. Elder, Q.C.
Secretary

Mark L. Hilson
Director

Donald W. Lewtas
Director of Finance

Anthony Munk
Director

ONEX INVESTMENT CORP.

Timothy C. Collins
Managing Director

Eric J. Rosen
Vice President

SHARES

The Subordinate Voting Shares of the Corporation are listed and traded on The Toronto Stock Exchange and The Montreal Exchange.

SHARE SYMBOL

OCX

REGISTRAR AND TRANSFER AGENT

R-M Trust Company
Corporation Trust Services
393 University Avenue
5th Floor
Toronto, Ontario M5G 1E6

Telephone:

Canada and US 1-800-387-0825

All questions about accounts, stock certificates, or dividend cheques should be directed to the Registrar and Transfer Agent.

DIVIDENDS

Dividends on the Subordinate Voting Shares are payable quarterly on or about January 31, April 30, July 31 and October 31 of each year. At December 31, 1992 the indicated dividend rate for each Subordinate Voting Share was 40 cents per annum.

SHAREHOLDER DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan provides shareholders of record who are resident in Canada a means to reinvest cash dividends in new Subordinate Voting Shares of Onex Corporation at a discount and without the payment of any commissions or service charges. Full details of the plan are available from Investor Relations.

INVESTOR INFORMATION

Requests for the Company's Annual Report, Quarterly Reports and other corporate communications should be directed to:

Investor Relations
Onex Corporation
161 Bay Street
P.O. Box 700
Toronto, Ontario M5J 2S1

SHARES HELD IN THE NOMINEE NAME

To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Onex Corporation, Investor Relations.

AUDITORS

Coopers & Lybrand
Chartered Accountants

ANNUAL SHAREHOLDERS' MEETING

Onex Corporation's Annual Shareholders' Meeting will be held on Tuesday, May 11, 1993 at 3:00 p.m. (*Eastern Daylight Time*) at the Metro Toronto Convention Centre, Room 203B (*main floor*), 255 Front Street West, Toronto, Ontario.

TRADEMARKS

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